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ABSTRACT

The third of four technical reports on Oregon education finance, this report summarizes views of 44 opinion leaders in Oregon (including public officials, business leaders, educators, and journalists) on questions of education goals, quality, cost, and methods of decision-making. Answering questionnaires, the respondents first addressed issues of financing public education in Oregon, primarily the state's role in raising revenue for schools and the expenditures at each level from elementary to higher education. Other issues that underlie education finance comprise the second half of the report--that is, program objectives, administrative channels, and the division of educational responsibilities. Roles and responsibilities for the various sectors of public education are commented on, with emphasis on the priority of education as a public expenditure. The administrative structures in Oregon public education are also critiqued. The role of private education and the constituencies of educational sectors (K-12, community colleges, and higher education) are addressed, as well. The report includes a section summarizing the opinion leaders' views of the major education finance issues covered in the interviews. (JW)

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Oregon Education:

Views of Oregon Opinion Leaders

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FORE
Foundation for Oregon Research and Education

Technical Report No. 3

Oregon Education: Views of Oregon Opinion Leaders

April 1983

FORE

The Foundation for Oregon Research and Education (FORE) is a nonprofit statewide research organization comprised of individuals and corporate citizens concerned about the quality of education and government. Using volunteers from the business and professional community, FORE conducts education and public policy studies in an effort to strengthen the performance of state and local services in Oregon. Projects undertaken by FORE are funded by the private sector.

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SUMMARY OF TECHNICAL REPORT #1

I. Purpose

The purpose of this report is to summarize views of Oregon opinion leaders on the state's education finance system. The views were collected from a cross section of Oregon leaders involved in education and education finance issues.

II. Approach

Interviews were conducted with 44 opinion leaders in the state. Persons interviewed included:

- Governor
- Superintendent of Public Instruction
- State finance officials
- Education administrators from all components of Oregon's public education system -- elementary/secondary, ESDs, community colleges, and higher education
- Board members and former board members from all education components
- Private education institution administrators
- State legislators
- Business leaders
- Representatives of education interest groups
- Representatives of business groups
- Journalists specializing in education and finance issues

An arbitrary selection of individuals to be interviewed was made, with an effort to achieve geographic distribution of opinion leaders representing all parts of the state.

Opinion leaders were asked questions about their views on education goals, quality, cost, decisionmaking. Interviewees were requested to both critique the past performance of Oregon's education system and its finance structure, as well as predict and prescribe for the system's future.

Interviews loosely followed a questionnaire prepared in advance (copy attached) and took 1-3 hours to conduct. Interviews were held in June through August, 1982. During this period education finance issues were reported almost daily by Oregon news media. The timing established a climate of active public discussion of education finance issues, which affected the interviews.

III. Summary of Opinions

The following section highlights opinion leaders' views on major education finance issues covered in the interviews.

A. A serious education financing problem has developed in Oregon, and will persist and deepen unless changes are adopted in the spending and revenue approaches of the past two decades.

Observers point to the lingering recession of the past year and prospects of slow, uncertain economic growth, factors that are forcing education leaders to lower program and revenue expectations. Cutbacks and consolidations in the education programs are expected to be the hallmark of the 1980s. The property tax, revenue mainstay of the system, will remain under heavy pressure from taxpayers for relief. Pressure will grow for added support from the State for education, and perhaps for revenue sources such as a sales tax.

B. Funding elementary/secondary education is likely to become increasingly a State responsibility.

State Basic Support would be more useful if the level of support was more stable from year to year and preferably predictable to at least a two or three-year planning horizon. Reconsideration of the 1973 McCall school financing plan or a variant was proposed by several who were interviewed. Quite a few respondents, principally but not exclusively K-12 educators, favored State support levels of 40% Basic School Support, or up to 90%-100% of the local basic education costs. Others posed an alternative, politically difficult but possibly less costly to the State, that would limit the State role to equalization funding only and increase these amounts to the level necessary to preclude school closures.

Any adjustment of the balance between State and local financing would likely result in a major shift in tax burden and increased

accountability of local schools to the State. K-12 educators appeared generally willing to trade some local control for greater funding stability.

(During the interview period, (Summer, 1982), a ballot measure for a statewide property tax limitation was developed for voter approval in November, 1982. Those interviewed were aware of this prospect. Passage would have clearly produced a sharp shift toward State responsibility.)

C. Community colleges in Oregon have grown rapidly on the principle of open access and have filled a wide variety of needs with great success. However, this success has given rise to costly and unproductive overlaps with K-12 and higher education, particularly in areas of program duplication and competition for students, observers say. The State must re-evaluate the mission and costs of community colleges in context with other components of the system.

The rapid growth of community colleges in the 1970's is proof of their success in meeting community and education demands. But concerns are expressed that these colleges, without coordination with other education institutions, may be drifting away from their unique role of providing job skills through vocational educational programs, and toward the junior college system of California, duplicating many programs of the lower level of higher education. Uneasiness is expressed by both public and independent college representatives interviewed about developing competition between schools and community colleges.

Redesigning the fit of community colleges with the other levels so that programs are complementary and revenue sources do not conflict, while preserving the unique strengths of the community colleges, will be a major education challenge of the 1980's. It will require a unified, single-governing-board State approach to post-secondary schools, or even a "one-university, multiple-campus" structure, several observers comment.

D. Higher education in Oregon has been neglectful and neglected. This must be reversed to raise quality and tie programs more closely to state economic development goals. Expanded State funding for programs, salaries and facilities will be needed.

Oregon's public institutions of higher education are considered the necessary base for an economic future dependent more on brain power and less on location and resource base. Higher education cannot achieve excellence in even a few selected fields while its purchasing power is eroding and its faculty are poised to flee, observers comment. There's a consensus that higher education is already facing and making choices that reduce both access to, and the quality of, education, but without effective political leadership or sufficient attention to goals and planning.

According to those interviewed, the real choices Oregon faces in higher education are increasing funding, reducing access, or settling for second-rank institutions. Even so, they say, higher education must make visible, good-faith efforts to eliminate the least defensible program duplication, to establish distinctive missions for each campus, and to find cost effective means of associating one institution's strengths with another's, instead of duplicating them.

E. Today's quality of education in Oregon, especially in basic skills, does not compare favorably with standards of 20 years ago, most observers interviewed believe. Observers outside the system are especially critical, saying that the current quality does not reflect the heavy investment of State and local funding made during the past two decades. Educators are also critical of some program quality, but perceive improvements in the past few years in language skills.

All agree that more dollars do not guarantee higher quality, although loss of purchasing power -- as in higher education -- can erode quality.

Observers outside education circles describe the problem as not getting the value for the dollar spent. Deterioration in the quality of Oregon's higher education system is generally cited. A need for higher entry standards for state universities and colleges is seen. There is widespread perception that the quality of K-12 education offered in Oregon has declined, and that high school graduates are not well prepared for either gainful employment or higher education. Reading and writing need continued emphasis, while science and math deserve priority attention as foundations for putting technology to work for Oregon's benefit, observers say.

The quality of K-12 programs is viewed as more dependent on effectiveness of the staff than on levels of funding. The quality of young people entering the higher education system to train as teachers as well as that of new teachers who have recently begun their careers in Oregon, is well below the level of 10-20 years ago, those who were interviewed say. Entry and exit standards in Oregon for teacher education needs to be raised. Significantly increased salaries for teachers, especially in math and the hard sciences may become a future cost issue for education if it's to compete with industry for quality personnel.

F. Broad access to public education and an expanding community view of the role of schools in society are considered major factors behind cost increases and school finance problems.

The strongly held view of Oregonians that access to education is vital to the system has driven up the cost at all levels, most observers agree.

Educators generally remain highly protective of the access ethic, but other opinion leaders say the economic realities will cause the emphasis on access to be leavened, with entry channels to higher education narrowed by heightened standards and the ability of the individual student to pay.

The expanded view of public education to cover such "non-education" services as extensive busing, complete food services, public health and driver training programs is cited as the basis for a rapidly developing new cost problem that should be examined closely. The high cost of special education programs for handicapped students, driven by federal mandates, is also a problem in need of review, many feel, though defendants argue that the access these programs offer is critical, and justify the costs in most cases.

G. Central policy direction of Oregon's education system that would restrict unproductive competition, limit duplication and control costs more effectively is not evident to most observers. The Executive (Governor's office) and the Legislature should take stronger policymaking roles, while leaving the implementation and administration of these policies to the education institutions, a majority agree.

Most observers believe the Executive should take a stronger role in setting goals, prioritizing needs and demanding cooperation among competing institutions. The policymaking structure is viewed as fractured among too many appointed officials. Education boards adopt strong advocacy positions for their areas of responsibility, and the Coordinating Commission (OECC) notwithstanding, no one in the Executive takes clear responsibility for the whole, many of those interviewed observe. The role of the Legislature in making or guiding education policy is also unclear to educators, legislators and to the public alike, it's observed. Restructuring the tax code, reorganizing the governance structure of post-secondary education, assuring a greater State role in financing local education, while preserving the decentralized nature of most program decisionmaking -- these are some of the tasks facing future Governors and Legislators.

However, there is skepticism among those interviewed about whether these political institutions are up to the tasks. Parochialism, less-well prepared legislators, and inadequate tools for forecasting and managing State revenues are some of the obstacles that may inhibit positive changes, observers suggest.

H. Education costs must be managed much more rigorously and professionally now than they were in the expansionist 1960's and 1970's.

Most observers see reprioritization of objectives and programs, and more professional fiscal management as the first solutions to the education finance problems before new revenues can be discussed. Management improvements are both possible and necessary: hiring professional manager-administrators instead of promoting teachers untrained in management skills; flexible scheduling; computer teaching; program and cost-sharing, especially with business and industry; working through ESD programs (facilities management; accounting; library and other common services) community colleges (vocational education). Harder choices may also await: increasing class sizes; reducing special education and other community services.

Long-range planning, and use of budgets as policy tools rather than as distribution mechanisms, are management improvements necessary at all levels of education, but especially in higher education. Education must do a better job of forecasting demands, and the State must devise ways of reducing funding uncertainty. Higher education and the community colleges are either going to begin making system-wide policy and program choices in a unified budget process or risk greater Legislative intrusion. State FTE formula funding should be replaced or revised to permit program budgeting, to dampen competition for students and State dollars, and to acknowledge wide variations in program and institution costs per student.

I. Education costs are expected to continue to rise significantly over the next decade, but not on average to exceed the annual rate of the increase of the CPI as they did in the past decade.

Math and science instruction, equipment purchases for high-technology programs and expanded vocational education programs, continued special education needs and accompanying litigation are expected to be cost leaders in the 1980s. Overall, observers reckon that the rate of education cost increases has tended to exceed the CPI rate by 3% annually in recent years, but they predict that rate will decline to CPI levels over the next several years, due to reduced enrollments and personnel cutbacks. Per pupil costs, especially at the K-12 level, are not expected to fall noticeably.

J. Oregon's aspirations for economic growth are keyed to electronics and the information sciences, and will require a closer alliance of business with education, say observers outside education.

This alliance may begin but should not end with the State-Industry Consortium funding of selected higher education programs. The development of basic evaluative skills in K-12, and of trained vocational technicians in the community colleges, are viewed as equally important to the prospering of the high-technology sciences. A broad and public commitment by business to the long-term health and financial stability of the whole education system, consultation on curriculum, and direct application of volunteer business expertise to school fiscal and facilities management are among the range of opportunities suggested for this alliance. Several observers say higher education and industry should collaborate to manage and accelerate the transition of the Portland State University as the principal State institution for high-technology curricula. Business respondents and others outside education most often advocated an activist role. Most educators articulated a more traditional business role -- participation on boards and financial contributions.

IV. Contexts and General Observations

Overall, comments from respondents mixed a fundamental confidence and pride in Oregon's education system with particular dissatisfactions. The current recession seems to have given greater visibility and credence to problem areas. Inefficiencies that are tolerated during good times, frequently as accompaniment to rapid growth, can become serious threats or targets for public criticism during bad times.

Four general observations about Oregon's education system can be distilled from the interviews.

1. An evolutionary system: Oregon's education system and the financing structure that supports it have evolved over decades. Local control and property tax financing of elementary/secondary schools, and State administration and support of public higher education, are two examples. The system is not static, but changes proposed should recognize and be consistent with its evolutionary character. Radical departures from traditional balances, particularly departures based on transient conditions, will probably not be digested well and may have to be redressed later. Most possible changes are not clearcut winners: they will be advanced by some interests and resisted by others.

2. Accommodating abrupt change: Many of the problems the system is facing today are the consequences of abrupt change in the recent past -- education experiments of the 1960's and early 1970's; the rapid growth of community colleges; a steady period of economic growth followed abruptly by the recession; the advent of computer technology. A decisionmaking process with the authority and flexibility to make needed adjustments can reduce the impact of wrenching change.

3. Balance and tradeoffs: Much of the conflict in the education system is inherent in the balances and tradeoffs of any large human endeavor. Examples of this important dynamic include:

- Since the 1940's, Oregonians have been able to expand access to education at all levels and maintain or improve program quality. In the 1980's, Oregon may have to strike a balance between the two in many areas, from increased class size in K-12 to more selective admission and retention standards in post-secondary schools.

- The tradition of local control is strong in K-12 and community colleges. So long as revenues were primarily local this could be sustained. If the State assumes greater funding responsibility, Oregonians will have to strike a balance between local control of schools and accountability of the State for proper expenditure of State funds.

- Equal opportunity to a public education is a fundamental ethic of the Republic, except possibly when the cost of meeting special education needs of a severely handicapped child greatly outdistance the cost of educating the average child.

- The growth of "non-education" services provided through the schools may be viewed as a costly burden inappropriate to the schools' education mission. On the other hand, society has few delivery systems for child nutrition (school lunches) and public health (immunizations) that serve half so well as schools. Perhaps "non-education" costs should be separated from school budgets, but few would forego use of the schools themselves.

4. Trends: Many of the choices education faces in Oregon are choices that will affect quality, that will cost or save money, observers point out. These choices emerge from historic or developing trends, and must be seen in the context of these trends to be comprehensible and treatable. Important trends which were identified include:

- Oregon and the country have experienced 30 years of sustained real economic growth. Education employed a sizeable share of the added wealth to improve quality and extend access. Expectations were raised, and met,

and raised again. These expectations are now in conflict with a stagnant or slow growth economy produced by a decade of inflation and the worst recession since WWII.

- The principal demographic fact of the past 35 years is the baby boom that began coincident with the post-war prosperity, worked its way through the education system in the 1950's and 1960's, and is now to be echoed by its offsprings.

- Oregon's traditional strong, populist-based commitment to public education has coupled with an equally strong national post-war commitment to greatly increase access to education at all levels, exemplified by the GI Bill. The obligation was gradually placed upon public education to meet the needs of not just the bright and well-to-do, but of all children: slow learners, the undisciplined, the handicapped.

- There has been a shifting of responsibility onto the schools, and away from families and other community institutions, for educating and acculturating children. With the decline of churches and other community institutions, and the decline of a sense of community generally, schools have become the preferred delivery system for many activities with few or no education characteristics.

- As women move into employment traditionally reserved for men, K-12 teaching loses access to a low-cost, high quality labor pool. Teaching is being reclassified from a second-income to a head-of-household position, inviting the possiblity of either higher future labor costs for education or lower quality teachers.

- As families grow smaller and the proportion of citizens past child-rearing years increases in the community, there is a decline in the schools' natural constituency -- parents. The increase in single-parent and two-wage-earner households distances schools from their constituency as it shifts more responsibility onto them for the child's upbringing.

- Collective bargaining has improved the lot of elementary/secondary teachers at the possible cost of distancing them from community. In coming years, collective bargaining may force the issue of the market value society places on teaching.

- Economic development will in the future rely more and more on the education system to train and retrain a slow-growing work force to new and more complex demands. Fifty percent of today's productivity increases come from increasing workers' skills and knowledge; this share will grow in the advancing computer/information age. At the same time, skilled manpower shortages loom ahead, for engineers, technicians, computer programmers. Bottlenecks already exist in some new industries,creating competition and driving up costs. Seventy-five percent of the work force of the year 2000 is part of the work force today, while the average age of today's machinist is 58. Such figures imply the need for a substantial commitment to educating a larger proportion of a slow-growing work force, and to retaining workers from obsolete trades into expanding ones.

- The economic and technological arguments for more education over a longer period are consistent with the historical human impulse toward an ever longer initial period of education for children. Such an extended period is also made possible by medical advances that have extended the useful working lifetime of human beings.

- Education decisionmaking has become more politicized, and less the solid-citizen, community-consensus process which has historically governed education in Oregon.

- The growth in real wealth since WWII together with the decade of inflation that shifted public costs onto the inflation-resistant income tax, have permitted and encouraged the growth of State transfer payments to strapped local jurisdictions, especially school districts. This has posed the question whether financing of all public education ought to be primarily a State responsibility.

- Oregon's community college system, organized in the 1950's to meet a real and limited need, has grown rapidly and without careful thought for its fit with other, older segments of education. A redefinition of its mission would be healthy at this stage of development, anyway, but is made mandatory by the recession and possible slow economic growth through the 1980's.

V. Financing Education in Oregon

Oregon is facing a serious education financing problem. That's the consensus of nearly all interviewed in this survey. Asked to explain the derivation of the problem, observers place it in the context of recent economic history. The 25 years following WWII were years of rapid economic growth and real expansion of wealth, interspersed with brief mild recessions. By the late 1960's, inflationary pressures had started to build up in the economy. The acquisition and commitments taken on by education during the years of prosperity, affordable then because real wealth was expanding, by the mid-1970's became difficult to support and entangled in the leapfrog game of protecting one's income from inflation. Expectations of continued growth and the ability to afford more goods and services were still rising while the means to satisfy them were first eroded by inflation, then sent reeling by the recession of 1981-82.

As one business respondent put it: We're no longer generating enough economic wealth to support the education system we've developed. We've built expectations about what we want from our system since WWII, and they've risen rapidly. Now, facing an economic decline, we're in a crunch. Said another: We are in a period of "economic retrenchment" and will be for the next five years; investing in education is important in this period, but it must be accomplished by "better use of present resources, not more resources."

The State's current dire financial straits could have been mitigated by better management of the resources that acknowledged Oregon's particular vulnerability to economic cycles, several respondents suggested. Improved forecasting of economic trends and tax revenues was mentioned often, although most respondents acknowledged that most agree that the State's forecasting tools have been upgraded significantly in the last few years. As important as

accuracy, according to some, was how the State used the numbers. A 1979 State forecast of revenue surpluses well into the 1980's and an incipient property tax revolt led the Governor and Legislature to make an open-ended commitment to State-funded property tax relief that quickly exhausted the one-time surplus and left painful deficits for the 1981-83 biennium. The forecasting was wrong, but so was the open-ended commitment based on increasing uncertainty of the forecast each year.

Some of the devices suggested for better resource management by the State include:

- better use of "high" and "low" scenarios generated by the economic forecast instead of just budgeting for the "probable" forecast of revenue, perhaps by pre-selected budget cuts or tax increases that could be triggered by subsequent forecast revisions;
- funding a "Rainy Day Fund", a kind of multi-year super reserve to provide insurance against cyclical economic downturns. (Michigan started such a fund in the late 1970's, but was unable to build it up sufficiently to weather the current recession);
- multi-year budgeting (not appropriations) to ensure that agencies and the Legislature will grasp the significance of commitments that extend beyond the biennium;
- enacting a sales tax.

In addition, educators and some others complained of the difficulty of planning education programs and services further ahead than the end of the next biennium, or even from one special session of the Legislature to the next. Predictability of State revenues was considered significant both as a planning and a cost control measure, and several suggestions were made for improving this. Among them:

- a Trust Fund or other dedicated fund of State money for education. This would improve predictability and greater assurance of local control. (Many other

respondents strongly opposed any dedicated State fund as abrogating the State's appropriations prerogatives and ability to manage resources);

- budgeting education funds for three years running, so schools never have less than a one-year planning horizon even if the Legislature is slow to act. A variation of this approach was suggested, which would continue two-year budgeting and appropriations but bring the Legislature into an off-year session for budgeting only, resulting in rolling, two-year appropriation.

1. Education Revenues

a. State Revenues: An Overview

Observers describe this background on revenue sources for financing education in Oregon: State income tax revenues experienced real revenue growth from 1950 to 1978, and these revenues were employed to expand traditional State services, including public education. Toward the latter half of this period, State revenues were also used increasingly to provide transfer payments to local jurisdictions for local services, particularly in the form of Basic School Support for K-12, and support for community colleges. During the 1970's, inflation frequently outdistanced local governments' property tax revenues, which were constrained by the 6% limitation on revenue increases in a world of 12% inflation. The State and its income tax instrument came under increasing pressure to protect local government/school's purchasing power. In fact, observers noted, property taxes collected statewide increased from 1972 to 1981 by 102%, compared with an increase in the Portland CPI of 132% and education costs that frequently ran ahead of inflation. K-12 and Education Service District (ESD) property tax revenue rose by only 88% during the same period.

Despite the relatively slow growth of the property tax burden, it became the target of public initiatives to restrain

growth. In 1978, these movements lost at the polls but secured property tax relief from the State through a further shift of tax burden from local property to the State's income tax (the 30% Property Tax Relief Program). The State's forecasts at the time projected continuing income tax surpluses into the 1980's.

However, recession 1981-82, and declining real revenues from income taxes dramatically changed the picture. The State could not easily withdraw the transfer payments agreed to in more prosperous times, since pressure to reduce property taxes had not abated. Sharp conflicts became inevitable between traditional State programs such as Human Services, which served the disproportionate number of needy in the state's urban areas, and the newer transfer payments that were more visible in downstate and rural areas. Legislators from these areas responded predictably to such choices.

By far the largest sources of revenue to fund education in Oregon are the local property tax (45%) and State income tax (31%), according to 1981-82 figures. Other revenue sources include tuition and Federal funds. Several respondents pointed out that different kinds of taxpayers pay these taxes disproportionately, citing these statistics: Business and commercial property owners pay 58% of property taxes while residential property owners pay 42%; corporate income taxes account for 15% of total income taxes, while personal income taxpayers pay 85%. The substantial shift in payments for public education from the property to the income tax that has taken place over the past ten years, mostly accomplished through a threefold increase in State income-tax funded Basic School Support, has also steadily shifted the balance of the tax burden away from business onto the shoulders of individual taxpayers, these respondents observed. While income taxes increased in real terms from 1972 to 1981 because of expanding real income and bracket creep, property tax levies in Oregon have actually declined when measured in constant dollars, they argued.

The relative decline in State Basic School Support and funding for community colleges may have arrested the decade-long shift in tax burden and decline in property taxes. Either of two events could fuel it again, however, observers noted. In their view, a property tax limitation, such as Ballot Measure #3 of November 1982, if passed, would mean: 1) a substantial reduction in local public services, including schools; or 2) increased income taxes as the State moves to make good the lost local taxing power, probably through a substantial increase in Basic School Support; or 3) a new Statewide tax such as a sales tax. A shift from property tax to income tax would accelerate the shift from business to individual taxpayers. A sales tax could be designed to direct the impact one way or the other, but most sales taxes tend to affect individual consumption disproportionately, these observers said.

There are other instances of potential shifts, or "winners and losers," as several respondents described it, in devising any formula for either taxes or allocation of resources (including tax expenditures such as State Property Tax Relief). For example, the heavy reliance on property taxes to fund education is viewed as favoring property-rich areas of the State such as Portland (or timber-rich areas such as Douglas County), while a statewide tax can be distributed more evenly.

The "winners and losers" concept, say these respondents, is important to bear in mind in any discussion of changing revenue formulas or sources. The overriding consideration in any debate will be who wins and who loses, many observers agree.

The competition for State dollars at the Legislature is described by respondents using phrases such as "dog eat dog", "rivalry", and "attackers". Higher Ed complains of overbuilding the community college system, of competition for students and higher State FTE support through artificially low community college tuitions, and of transfer payments to local governments for

community college and K-12 funding that slight traditional State services: i.e., Higher Ed. Community colleges claim that Higher Ed subsidizes upper division and graduate work by overcharging tuition to lower division students, and for teaching that is of lower quality than a student can find at a community college. Total State funding for Basic School Support is nearly double its funding for Higher Ed and the community colleges combined, so any proposed increases -- a drive to 40% State Basic School Support funding, for example, or the relative success of the Oregon Education Association in upgrading and protecting teachers' salaries -- reverberates through the other two sectors. Higher Ed, in particular, comes in for hard criticism for its competitiveness at the Legislature, although its defenders argue it is the sector most beset by resource starvation and that it has been victimized by the strength of the Oregon Education Association and the expansionism of the community colleges. However, said some Higher Ed advocates, the revenue decisionmaking structure at the Legislature frankly favors K-12 and the community colleges.

The solution for Higher Education advocates is a larger revenue pie to divide so Higher Ed will receive an amount commensurate with its needs.

There is competition also between education and other claimants for State funding, particularly "traditional" State services. As one observer put it, the State has to either cut education, especially the transfer payments to K-12 and the community colleges, cut aid to Human Resource programs, or raise taxes.

b. Views of the Property Tax

The use of property taxes to finance education has been contained reasonably well over the last several years, despite or as

a consequence of property tax limitation initiatives, according to several who were interviewed. This was attributed to:

- the statutory 6% limitation on annual revenue increases while inflation exceeded these increases and eroded real value;

- the growth of State-financed Basic School Support, offsetting demand on local taxes;

- The State 30% Property Tax Relief program, which also relieved pressure on local taxes. Real increases in income tax revenues during the inflationary 1970's made this possible, they observed, but the State income tax proved highly vulnerable to recession. In 1981-82 pressure was again put on local property taxes by a real decline in State Basic School Support funding and also reductions in the Property Tax Relief program.

The advantages of the property tax, as seen by respondents, are its local nature, assuring maximum accountability to taxpayers when applied to local services; and its recession-resistant nature, since property values do not decline as rapidly as income during hard times. However, this advantage disappears, it's noted, when a jurisdiction does not have a tax base and voters turn down operating levies, or when voters express their distress by supporting property tax limitation measures. It also works a hardship on those whose incomes are affected by a recession, it's observed, since they must pay an inelastic tax (property) with a highly elastic resource (income).

Disadvantages of the property tax cited included:

- the property tax is highly sensitive to inflation when coupled with the pre-existing Oregon 6% limitation;

- it is highly visible and, in the words of one respondent, "anathema to just about everyone," therefore not a very secure basis for school finance;

- it is less progressive than the income tax;

- revenues vary widely from area to area, since property wealth is distributed unevenly across the state, especially commercial property. It is therefore difficult for the State to assure "a uniform system of common schools" that provides approximately equal opportunity to all children.

c. New State Revenue Approaches

Many respondents expressed some interest in a sales tax to help finance education. While the interest was warm in some places and lukewarm in others, it extended across business, education and legislative respondents. At the same time, many felt that while a sales tax may have a somewhat better chance of passing at the polls now, it was still likely to fail with the voters no matter how it was packaged.

Advantages cited for a sales tax included:

- it provides the third leg to the stool, by taxing a third kind of wealth -- consumed wealth;
- it is a more stable revenue source than the income tax because it is more resistant to recession;
- it will tax tourists and the underground economy, both now untaxed, and so be a source of new revenue;
- it can be designed to be progressive by exempting some goods or providing income tax rebates to Oregon residents;
- it is less visible and less vulnerable than the property tax, especially as a State-administered tax; and it may be essential if a property tax limitation is approved;
- it is necessary to offset high personal income tax rates and so attract business and talented higher salaried workers to Oregon;
- it could be sold politically if offered as an offset to property and income taxes, not a new tax;
- it could entice business support for greater State Basic School Support.

The disadvantages mentioned:

- it shifts the tax burden still further onto the middle-income individual taxpayer;
- while it is theoretically possible to design a progressive sales tax, it is administratively difficult; there are few if any examples of such a sales tax;
- no sales tax is a drawing card for tourism and the dollars it brings to Oregon;
- a sales tax and a reduced income tax are not the economic salvation of Oregon, as the State of Washington (sales tax and no income tax) demonstrates vividly. Oregon can attract business, and was doing so successfully before the recession hit, without the lure of low personal income tax rates;
- shifting local education costs further onto the State reduces local accountability commensurately.

There were several proposals to dedicate sales tax revenues to education, and about an equal number of respondents who say such dedication is bad State fiscal policy and bad for schools. In one view, a proponent of a dedicated sales tax said it would reduce the leverage the Oregon Education Assoc. exercised over education appropriations at the Legislature. Another respondent opposed this approach saying local school boards would be crippled in collective bargaining with the OEA, which would know precisely how much money was coming onto the table.

There was strong disagreement whether the State needed the sales tax as a new and additional source of revenue, or whether it should be considered only as an offset to property or income tax deductions. Several respondents took the position that if the 1-1/2% property tax limitation initiative passed, that question became moot. The sales tax revenues would be needed just to make up the loss.

Favorable references to the 1973 education financing plan offered by Governor McCall were made by a large number of respondents. The plan, which was rejected by voters, would have assigned 90% responsibility for funding of K-12 "basic education" to the State and paid the costs with a statewide property tax.

Here's how the history is recalled by one business observer: Part of the plan was suggested by The Business Task Force on Education established by McCall and organized by Associated Oregon Industries (AOI). Its March, 1969 Report argued that: "The basic education of all Oregon children should be guaranteed by implementation of the tenet that education is a state responsibility." It proposed that school programs be divided into "basic" and "special" categories, the latter funded entirely by local receipts and the former by a combination of "state and county appropriations, a relatively fixed local property tax levy and available federal funds." It envisioned a substantial increase in the State share "to minimize the need for equalization as dependence on the local property tax is diminished."

The 1969 Report did not specify a source for the needed increase in State revenues, the business respondent remembers, but apparently assumed the income tax would be used. When McCall proposed the statewide property tax approach instead, business support for the plan vanished, according to this observer. But the interest in the concept is still strong, he said, and could be tapped by substitution of a sales tax for the revenue source.

Other respondents cautioned against efforts to revive the approach. "A major overhaul is not likely to fly with the voters," said one. Voter hostility to a sales tax, and the difficulty of determining what comprises a basic education, were cited as barriers.

d. Federal Aid to Education

Beginning in the late 1950's, Federal funding of education at all levels increased dramatically; from $300 million twenty years

ago, according to one respondent, to some $7-8 billion today.* The effect of this surge of Federal dollars, as observers see it, is summarized this way:

The increased Federal money paralleled and helped fuel the trend to wider access to education that has been such a strong impulse since WWII. In particular, it funded a strong surge of attention in the early 1960's toward math and science education, later thinned out by growing political turmoil on the campuses.

Greater access meant not only more students but a more diverse choice of programs at all levels. The richer curriculum was accompanied also by experimentation: some productive, and some "gimmicky", according to those who commented on this trend. As with any rapid institutional expansion, program changes were made that from today's perspective appear academically thin and even remote from a core curriculum. Administrative inefficiencies and outright waste are associated with the sometimes awkward infusions of Federal dollars.

A potentially more enduring and damaging effect, according to one educator, was the partial separation of education professionals from their communities. A certain education "arrogance" sets in, he said, when direct accountability is diluted by dollars from Washington. He thought this was being paid for now, in voter perceptions of declining quality and voter resistance to paying the bills for local education.

Another effect cited was the growth of Federal administrative requirements and service mandates that accompanied the funding, in particular for equal opportunity, affirmative action,

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*It's noted, however, that, this is still only 8% of the nation's education bill, comparing unfavorably to national commitments to education in Europe, Japan and elsewhere.

and special education for the handicapped. Requirements are imposed, said several respondents, and then the money is withdrawn. PL 94-142, the Federal statute on special education for handicapped children, is mentioned frequently as an example of this.

Federal contributions to most State education programs were expected to decline in real terms over the next few years. Especially hard hit was financial aid to students, which by one estimate plummeted nearly 40% in FY 1982. Higher Ed respondents reported experiencing problems of comparable magnitude as a direct result. They expressed concern over the effects on students' access to Higher Ed of the combination of reduced Federal student aid and increased tuitions.

e. K-12 -- Revenues

For many years the property tax was considered a sure and sufficient source of revenue for elementary and secondary schools in Oregon. With the 6% limitation on revenue increases in a 3% inflation world, needs were accommodated and program improvements made, if incrementally.

Today, there is a need for greater financial support for schools, many observers believe. Several couch their arguments as one respondent did: stability is the problem here, he said, more than absolute levels of funding. Proper budgeting and planning are difficult to do, others say, when levies are constantly required and revenue levels are so uncertain from election to election. Educators argue that inability to plan costs money; so does the time and attention school officials have to devote to the elections instead of running the schools. The threat that schools could be shut down entirely in districts without tax bases if a levy election were lost is very disruptive, they say, and could result in the best teachers and administrators seeking other, more secure circumstances.

Efforts by school districts to gain financial stability are suffering badly after a long period of steady local support, it's observed. One respondent notes that through the 1970's an average of 74% of the school districts passed their budgets on the first submission to the voters. Even as recently as 1980, 76% of all budgets passed on first submission. But, in 1981 this figure dropped dramatically to 61%. The overall passage rate for four elections in 1982 are: March - 28%; May - 21%; June special election - 50%; August* - 66%. June and August elections were dominated by second and third submissions.

Schools that depend on timber sales receipts or severance tax receipts also have problems maintaining stable revenue flows, some observers suggest, although their advantages during good times over their resource-poor neighbors is substantial. Timber severance tax receipts reaching schools declined 16% from 1980-81 to 1981-82, and will fall even more steeply this year.

Meanwhile, several respondents observed, Basic School Support has not been a bastion of stability over the past decade, varying from 24% down to 19%, up to 40% and down again this year to 32% of K-12 costs.

There were two lessons drawn variously by respondents from this recitation. First, there is no revenue source that will not, by one means or another, respond to fluctuations in the economy. Stable school funding is as close, or as far off, as a stable and predictable state economy.

Second, in times of special economic volatility there may be a case for providing some measure of insulation to school revenues, probably through greater State funding in combination with

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*Includes Community Colleges.

increases in Basic School Support should begin with improved local fiscal management and planning tools.

State support to K-12 consists principally of:

- formula Basic School Support, seen as tending to favor property-rich jurisdictions;
- transportation grants, seen as favoring rural, mostly Eastern Oregon jurisdictions;
- equalization funding, viewed as intending to redress the imbalance between rich and poor. Few respondents felt equalization, which was supposed to homogenize access and opportunity for children across the state, has worked very successfully.

The State's first responsibility was to provide equal access to basic education across the state, several argued, and that increases in Basic School Support should begin with equalization rather than leaving it third in State funding priority.

On a cautionary note, one educator observed that the Basic School Support equalization formula was tied directly to local tax effort, hence to local assessed valuation of property. Some counties deliberately assess a lower than market value for property, which results in their receiving a disproportionately high share of equalization monies. He suggested the alternative method of merging formula and equalization Basic School Support, and distributing it on a simple, per pupil basis.

Overall, the solution most often proposed was increased State Basic School Support, together with a commitment to an unvarying percentage share of local school costs. The goal established by Governors and legislators in recent years is 40%, but many respondents felt it should be higher, with a few suggesting 90% levels.

Several arguments were advanced in support of greater State funding. The most significant ones were:

- to better equalize opportunities for children across the state and to truly provide a "uniform system of common schools", as required by the State Constitution.
- to prevent school closures and denial of access to children who through unfortunate circumstance live in an area disproportionately affected by economic cycles;
- to secure more control over K-12 costs. It should be noted that there was substantial, even majority, dissent from this argument. Few respondents felt a State system of elementary-secondary schools would have more success at cost containment than local boards and administrators.

Despite the interest in increased State support, most respondents still felt the property tax should remain an important revenue source.

The question of local control is a sensitive one, yet more than one respondent shared the sentiment, expressed by one, that "the State has already risen to its practical, political obligations to provide Basic School Support...a trend that will not be turned around." Some respondents felt local control was a "mirage" anyway; others lamented its incremental loss; the greater number felt it was too ingrained in political tradition and custom to be threatened by more State funding. One referred to the Higher Ed System where, he said, full State funding has led to very little effective State control. Some respondents sought a dedicated source of State funding rather than General Fund appropriations; others argued strongly against any such intrusion on the State's prerogative to allocate State resources.

The theme of balance -- between accountability and predictability, local tax effort and equal opportunity, local control and State revenues -- emerged frequently. Few respondents were willing to argue the case all one way or the other, confirming the finding that a wholesale shift to State responsibility for elementary and secondary schools would be considered too revolutionary for an evolutionary system. Consider another comment from an educator: "Levy elections have been burdensome, but schools

have almost always been supported, even in bad times...a balance is struck by communities between accountability and stability...the real problem is one of fairness for poor districts...yes, the State should enlarge Basic School Support, but with the emphasis on equalization in a time of falling local resources such as this."

In summary, observers said, K-12 schools should have greater State help, equalization should be emphasized, all districts should have an established tax base, the "A" and "B" ballots are "too cute" and too incomprehensible and should be dropped, and the tie to the community represented by the property tax should be maintained.

f. Community College - Revenues

The quick sketch of the community colleges' revenue picture painted by respondents looks like this: property tax up, State share down, tuition flat and about half the level of Higher Ed schools.

As the programs of community colleges are hybrids, so are their finances. Originally, one respondent recalls, community colleges were to be financed one-third from tuition and fees. But by 1980-81, he notes, sources of funding were approximately 40% each from the State and from local taxes, and 20% from tuition fees. While the recent trend has been one of declining State funding, there are wide variations among the schools -- from 31% State support at Clackamas Community College, for example, to nearly 50% at Rogue Community College.

Community college advocates are protective of their local funding and local control, but fearful of increasing dependence on property taxes in an atmosphere of property tax revolt. While Portland Community College, with substantial assessed valuation in its taxing district, received only 27% of revenues from this source in 1980-81, the shares at four other schools -- Blue Mountain,

Clackamas, Central Oregon and Clatsop -- exceeded 55%. There was definite interest in statewide funding ("a statewide property tax", suggested one respondent, with receipts distributed back on an ADM basis; greater General Fund support, said another) and indecision about a tolerable level of State intrusion into program decisions.

The revenue issues raised by many observers seemed to echo the K-12 concerns: predictability, accountability and local control, and equal opportunity. Advocates voiced alarm about the "difficult and wasteful" levy elections, but at the same time are ambivalent about more State money. State dollars will be followed by State control, warned one, and "the survival of the very notion of a community college" will be threatened. Another said that the schools were strong enough to tolerate and even welcome some measure of State direction if it were accompanied by a "guaranteed level of State financial support."

Several respondents outside the CC's felt the threshold between community college and State system had been crossed some time ago, and that both greater State funding and more State coordination of post-secondary programs were needed and appropriate.

Schools in general should have 80% of their funding secure, offered one respondent, and should have to go to the voters for the rest. The 80% could be achieved as a combination of tax base and State share, or perhaps as a Statewide property tax distributed by formula to K-12 and community colleges, he suggested. Community colleges should, in any event, have at least a three-year planning horizon, with funding secure for at least that future period, several observed.

g. Higher Education - Revenues

By most measurements respondents used, Higher Education in Oregon is said to be revenue starved. This concern was expressed in the business community and among Higher Ed representatives. While

some respondents felt Higher Ed had made its own misfortune, most felt the State should act to prevent further erosion. A legislator pointed to budget notes of the Joint Ways and Means subcommittee on education, in 1982, which asserted that "for at least the past decade, Oregon's public four-year colleges and universities have been significantly underfunded."

The measurements offered varied. Most often there were comparisons to national averages or comparative shares of State resources. By the first, according to educators, Oregon spends only 85% of the national average dollars per student (compared with 120% for K-12, they continued). Faculty salaries in 1957 were 101% of the national average and are now down to 92% and falling.*

Higher Ed's share of State General Fund resources has declined dramatically, according to educators and State officials both. In the 1967-69 biennium, the Department of Higher Ed received 24.4% of the General Fund (K-12: 27.8%; CC's: 3.67%). The respective estimated 1981-83 shares were: HE: 12.8%; K-12: 28.8%; CC's: 3.57%.

A possibly more useful measurement was proposed by several respondents: loss of purchasing power. Inflation has eroded Higher Ed's ability to pay its bills, and the State has not appropriated even enough for the system to stay even, let alone improve quality. OECC figures described by that agency's representative confirm this impression, showing operating expenditures at the State's colleges and universities rising approximately 50% from 1977-78 to 1982-83 (est.), compared to a Portland CPI increase of 64.7% during that period. State General Fund support rose only about 30% during that period, while tuitions rose nearly 90%, making up much of the difference.

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*OECC figures suggest that average total compensation -- salary plus fringe benefits -- for Oregon faculty may be slightly above comparable national averages.

Although some proponents of Higher Ed argued strongly that the community college system was overbuilt or that too much State money had been diverted to Human Resources or to transfer payments, the prevailing consensus was that the State commitments to these programs would not be altered wholesale in favor of Higher Education. There almost surely are economies to be had through improved coordination with the community colleges, they observed, but not additional State funding to be diverted from the community colleges or K-12, especially with political pressure on the property tax.

One State official voiced the opinion shared by respondents in and out of education, that some pressure to compete for revenues was probably useful; and that in the case of Higher Ed, the lack of pressure in the 1970's ("it got pretty much what it asked for....no questions asked") resulted in little long-range planning and priority setting.

One estimate by an educator was that the System needed $75 million to $100 million more per biennium to make the necessary repairs and to advance selected programs. That would be a 20% to 25% increase above current General Fund appropriations. Money on that order of magnitude, most respondents recognized, would represent either a major shift in State priorities (e.g., Human Resource funds; or the Property Tax Relief Program), or new resources -- a sales tax.

Several respondents felt the long-term solution was dependent on returning the state to its former robust economic health, although the only persuasive formula for doing so, the diversification away from a resource-based economy and into high technology industry, would require exactly the large infusion of dollars into education that the State is presently unable to assure.

Access, said many educators and most other respondents, is where the money is. Oregon can scratch for short-term dollars by considering closure of institutions and elimination of programs, but real dollars mean either more State funding or reducing access -- reducing students, or programs or both. And this choice, they said, should be considered across all post-secondary education, not just within Higher Ed, since one choice -- State funding based on academic merit -- would have serious consequences for the open-door character of community colleges.

The OECC has in particular singled out entrance and retention standards ("very minimal") as major constraints on both fiscal health and academic quality.

Full-Time Equivalent (FTE): State funding of post-secondary education is presently based on a factoring of numbers and students together with course hours taken. This full-time equivalent (FTE) approach was criticized by several respondents from the Portland area as being discriminatory in ordinary times, favoring the full-time residential schools -- U of O and OSU -- and adversely affecting an urban, largely non-residential school with a large part-time student body -- PSU. Other critics of the Higher Ed System argued that under an FTE formula, where the variable was students, it was difficult to set program priorities or change them. The system rewarded more students, not better programs. Dissenters suggested that more students was the reward for better programs; and that an FTE formula also insulated academia from legislative/political intrusion into program decisions.

Several respondents felt the FTE approach was particularly unsuited for a time of stable or declining enrollments and tight resources, since institutions were forced to compete for dollars by competing for students. They did not, however, want to invite the Legislature into academic program decisions through program budgeting. The alternative, they said was for the Board and

Chancellor to better discharge their policy responsibilities by doing program budgeting at their level instead of relying so heavily on prior year base budgets and FTE allocations.

2. Education Costs

a. Overview of Expenditures:

The most significant impact on education costs in the 1960's came largely from salary gains by teachers and the extension of access and services, as observers see it. In the 1970's, major effects on costs were felt from the inflation factor on personnel costs, from real increases in energy costs, and from continued expansion of access and services.

Expansion and then rapid contraction of Federal education funding for special education needs over the past decade has made a bad situation worse, respondents comment. This factor gave rise to acceleration of new services, but as federal support dwindles, the burden is shifting on local taxpayers to either continue support or to make the hard decisions to reduce services.

One educator offered these selected cost comparisons to provide perspective on the accelerating cost of K-12 education during the 1970's:

	1972	1981	% Growth
handicapped students served	22,734	45,149	99%
special education teachers	769	2,861	272%
student transportation miles	29.7 mil	42 mil	41%
cost of gasoline per gallon	$0.19	$1.04	447%
cost of one school bus	$10,500	$30,000	186%
certificated teaching staff	27,245	31,041	14%
average teacher salary	$9,258	$18,010	95%
(Portland CPI)	(119.5)	(278.3)	(132%)

In the 1970's, education costs in the K-12 system ran 3%/4% ahead of inflation, observed several respondents. There were also

costs attributable to waste and inefficiency in the view of some respondents, but others asserted that these were not out of line with similar such costs in other expansionary sectors of the economy. Nobody was doing much of a job in emphasizing cost effectiveness, said one.

The growth of community colleges and expansion of access in the Higher Ed System were also cited as significant cost commitments made during the past decades of economic expansion that may be difficult to sustain during a period of recession and retrenchment.

b. K-12 - Costs

Many respondents expressed concern over the costs of providing public K-12 education in Oregon, often in the context of whether the state was receiving proper value for its tax dollars. By and large, however, the issues were not of waste and inefficiency in the system, but whether funds were properly allocated to educational mission and whether the system itself was overextended and not supportable in an era of recession or slow growth.

1) Past cost factors: Respondents were asked to speak to why costs had increased over the past twenty years, what will influence them in the future, and how they might be contained. There was substantial consensus on the major forces that have driven costs up. These include:

- Access: There was a shared perception that schools are educating relatively more students for more years than 20 or 30 years ago and educating "the harder to educate children, not just the bright, receptive college-bound students from educated households," as one put it. Kindergarten, smaller classes, and a much wider range of academic programs are access gains in the broadest sense, and represent real higher costs;

- Teachers: Salary gains in the 1960's, fringe benefits and working conditions in the 1970's, were mentioned as often as access. Yet no respondent argued that teachers were overpaid. Several people commented that

public perceptions were more adverse to teachers, mentioning cost-of-living increases that teachers would not renegotiate despite the recession, and the perception that teachers receive 12 months pay for nine months work.

- Inflation: Several respondents noted that inflation effects were felt particularly in personnel costs, capital equipment, and energy. Energy costs substantially led inflation rates, and severely affected school districts with older, inefficient facilities, and districts with large transportation obligations.

- Mandated Services: Said one school official: Eliminate Special Education (for the handicapped), desegregation, and language and other programs for the influx of non-English speaking students, and the per-pupil costs of education would have risen less than the Portland CPI over the last ten years. In fact, the cost of Special Education in Oregon, according to Oregon Dept. of Education figures, increased over 1000% from 1971-72 to 1980-81, while the Portland CPI rose 132%.

Although most respondents agreed these were the big ticket items among K-12 costs in the past two decades, other factors were mentioned.

- Oregon elementary and secondary schools were regarded by some to have administrative costs that were out of line (45% higher than the national average, said one respondent). Educators generally disagree and say comparisons are misleading because of the way Oregon districts compile data. Administrative costs are not out of line, they say, particularly given mounting demands to deal with State and Federal requirements and other new workload. Even most educators agree, however, that more attention should be paid to hiring administrators who are managers, not teachers without managing skills or training but with no other means of career advancement.

- Vocational Education is mentioned as a high cost item for high schools and becoming more so as equipment grows more expensive and is obsolete more quickly.

- The growth of non-education services, such as school lunches, drivers' education, or school immunizations,

are mentioned, although there is no agreement whether these should be split off from the schools as the delivery system of choice, or accounted for outside education budgets.

- Excessive certification requirements for teachers and administrators, especially those already credentialed in other states who move to Oregon, was mentioned.

- The proliferation of curriculum specialists, teachers' aides and counselors are fingered, although there were explicit expressions of support for continuing counseling services as a high priority budget item.

2) Future Cost Factors: Respondents were also asked to look ahead to where new cost pressure would materialize in the future:

- Teaching: Costs were most often mentioned. We are moving from a buyer's to a seller's market a few years hence, said one. Either the price will go up or the quality will continue to go down, said another. The seller's market will be tightest for math and science teachers, where competition from higher-paying industry jobs will tap an already dwindling supply. He noted a 77% decline in high school math teachers during the 1970's, and a 65% decline in science teachers, nationwide. One respondent proposed differential pay scales for teaching skills to reflect market demand.

- Special and bilingual education costs may grow even if the programs remain at current levels, due to projected declining Federal funding but continued Federal requirements.

- Increased use of computers was mentioned by respondents variously as a cost and a cost containment measure. With respect to the former, respondents warned of high front-end capital costs, rapid obsolescence, and inappropriate uses resulting from an overenthusiastic embrace of a new technology.

Finally, one respondent commented on the growing costs of litigation and the growing involvement of school systems in lawsuits, usually as defendants. The trend is more pronounced in the East, the respondent said, but a Portland School District case

involving Special Education responsibilities, settled for $50,000 in annual costs, "may be a bellwether."

3) Cost Control Approaches: Many respondents addressed the question of how to control costs, although the suggestions mirrored the cost list less than expected.

Principal suggestions were:

- Improving fiscal management and managers: Management track records vary greatly from district to district. Usually, but not always, the larger districts claim better and more sophisticated capabilities -- to do five year planning, for example. There was a discernable trend, thought one respondent, to hiring managers with real skills. Several mentioned this area as one where business could be enormously helpful to schools through sitting on budget and planning bodies, and donating skills. The AOI Business Task Force Report (1969), mentioned earlier, was praised as a useful, if dated source document for fiscal and facilities management techniques. Achievement in this area will be hamstrung, several respondents said, without some means for improving the predictability and stability of school income beyond the next Legislature or levy vote;

- Use of computers: Quite a few people singled out the emergence of microprocessors and computers as a development of vast significance both as a cost-efficient, educational tool and a management tool. One suggested, for example, combining the computer with a four-day school week, plus one computer day.

- Sharing vocational education costs: While there was disagreement whether vocational education still belonged in the high school, most respondents agreed that computer and electronic training involves skills and costs far beyond what most secondary schools have ever encountered in this area. Such skills are better taught where facilities and equipment can be utilized to maximum efficiency, they said; logically in the community colleges, perhaps on contract arrangements with high schools.

- Shifting special education costs: Several respondents argued that special education properly resided in the State Department of Human Resources. Putting it there

would reduce education costs and provide a cleaner division of responsibilities. This was not a unanimous view, however. Two questions emerged: (1) Does this save the taxpayer any money, or simply transfer costs? (2) Should we assume that Human Resources can deliver these services at less net taxpayer costs than a delivery system already in place and functioning?

- Reducing access: Districts could reduce course offerings, cut teachers, increase class sizes, or otherwise indirectly reduce access short of closing the schools to any child. These choices would seem to be the most controversial and uncomfortable; few respondents were attracted to them. The tradeoff seemed to most to be quality of education, which they desired to improve, not weaken. When class size gets beyond 27-30, said one educator, education begins to suffer dramatically. Another observed that already this biennium some 2000 teachers had been cut, classloads enlarged, support services and materials purchases reduced. Reducing access did not appear to be a serious alternative.

Other cost control measures mentioned by respondents included:

- reduce or eliminate certain non-education services such as adult education; or some education programs such as the Talented and Gifted Program, Advanced Placement, field trips and such. No cut had more than one or two advocates at most;
- contract out maintenance and other functions instead of maintaining and managing a custodial staff;
- make greater use of Education Service Districts to consolidate purchases or goods and services; and continue consolidation of school districts where cost savings can still be achieved;
- reduce administrators and consolidate administrative functions.

Declining enrollments and school closures were mentioned as having potential for long-range, one-time savings to some districts.

4) Cost-Effectiveness in Teaching: Several respondents were aware that there are developed methods for analyzing classroom achievement against a measure of cost-effectiveness. One or two respondents thought such a tool would be very useful: We must, said one, develop a system to measure the product (student) and to evaluate the level of instruction. Others agreed that teacher performance goal-setting and more rigorous teacher management and evaluation were desirable. (The Japanese "consensus" approach was mentioned.)

Techniques for quantifying cost-effectiveness in the classroom, however, were criticized by many educators and non-educators alike. The relationship beteen the teacher and student is the key, said one, and is not measurable except in the aggregate (standard testing).

Other comments:

- It would be inequitable to reward teachers for student achievement; students are too variable.
- Cost-effectiveness methods tend to direct effort and resources to the brighter students, since that is more productive, at the expense of the average student;
- It is better for education to err in favor of giving more opportunity to slower students;
- Measurements are apt to be unfair from district to district; and some districts, especially urban ones, have more difficult tasks, more heterogenous school populations.

And, from one educator's interview:

> The concept is not very useful in education except as the community renders judgment at levy time, and that is appropriate. At a school or class level, the problems are many: how to quantify reasoning ability, problem solving, imagination, instead of simply learning facts, which can be quantified. Both are

important and necessary, but cost-effectiveness tests emphasize and overvalue the latter. There are problems of variables -- students, teachers, and resources. Again, the quantifiable variable tends to be weighted too heavily. Education is more a political than a hierarchical system; decisions are negotiated, not handed down. In a political system, cost-effectiveness in teaching is one important consideration among many.

j. Community Colleges - Costs

The defenders of community colleges, and there were many, point with some pride to their ability to hold down costs per student over the past several years. The cost per FTE student rose less than the rate of inflation from 1977 - 1982 (50% increase vs. Portland CPI-U of 64%), one observed. Total costs increased some 80%, reflecting a sizeable growth in student load, some 8,000 new FTE students or an increase of nearly 18% (compared to a 5% decline in FTE students in Higher Ed).

There were several cost trends identified here. The cost of accommodating the dramatic influx of students at the lower-tuition community colleges was cited, as well as the cost of unused facilities in the Higher Ed System, if it is assumed that the community college enrollments represent a shift of students from one level to the other.

A third trend identified by respondents was the shift within community college enrollments from students enrolled in vocational education programs (up 8% from 1977 - 82) to the lower division collegiate and other non-reimbursable courses (up 40%). The latter is assumed to be less costly to teach, and it's surmised that this shift may in part explain the relative success of community colleges in holding down costs.

Other factors affecting community college costs, mostly adversely, that were mentioned:

- facilities construction in the 1970's, when most of the rapid growth took place. This had declined dramatically by 1979-80;

- new demands on community colleges to provide education opportunities tailored to women returning to employment, adult re-education, and specific job training/business assistance;

- program duplication with other community colleges, especially in vocational education offerings requiring costly equipment, and especially in the Portland area; welding and computer/electronics were two subjects mentioned;

- staff reductions to save money, which can drive up costs. Initial reductions tend to cut relatively lower-cost, part-time instructors and may result in higher, long-term locked-in personnel costs protected by collective bargaining.

Non-reimbursables: Several respondents asserted that State income taxpayers inappropriately are paying part of the costs of non-reimbursable (by the State) programs -- the classes in bellydancing, or conversational Spanish, that are taught by community colleges when there is community demand. Student tuition is supposed to pay the costs of these courses, and it is on this basis that community colleges preserve the flexibility to respond to such demand. But these respondents felt that many overhead costs (such as for facilities, maintenance, school administration) are not adequately attributed to these courses, but simply sunk in with overhead costs for reimbursable programs.

k. Higher Education - Costs

Overall, Higher Education is seen as a special preserve and responsibility of the State in financing education in Oregon. Yet, the State and Higher Ed have not served each other's interests well in recent years on questions of fiscal accountability, most add. Higher Ed is criticized for the lack of planning and priority setting in its budgeting process; and the Legislature, for not requiring more.

The Higher Ed Board and System, observers say, has reserved to themselves even broad questions of cost management -- such as access and retention standards, or duplication of institutions and programs -- as academic and program questions, not fiscal matters. The Legislature largely acquiesces and "only intrudes to add money and programs", as one commentator sees it, such as Portland State University, the community college system, and most recently, the electronics and computer science training programs.

These cost factors were proposed by various respondents for the difficult financial straits faced by Higher Education:

1) Better Planning. Before Higher Ed can ask for more money, it must have planning processes that will function as cost control tools for a time of tight resources. This is not the same thing as eliminating waste and inefficiency; few respondents felt these were greater problems in Higher Ed than in other comparable institutions. Rather these tools were projecting demands and managing tight revenues five to ten years ahead, for reducing turf struggles as factors in decisionmaking; and for making difficult but informed choices that might narrow program offerings or reduce access. The majority view was that Higher Ed's present approaches to planning might arguably be adequate for a time of expanding real resources, but they are wholly unsatisfactory for a period of short rations and still growing demands. Its failure was held partially responsible for the exposed position the System now finds itself in, for the unclear delineation of missions and responsibilities of the institutions, and for public perceptions of excessive duplication and waste.

One educator submitted that planning was held in general low regard in Oregon anyway, and that the State itself does little enough in fiscal or other planning, preferring ad hoc allocation of resources. He mentioned, and others variously concurred, three necessary areas of Higher Ed strategic planning: demographic

forecasting; effects of public policy (e.g., taxes, revenue); "functional" planning -- "Who should be doing what..."

2) Budgeting. Respondents in and out of the Higher Education community criticized the System's budgeting processes. The budget was variously described as "status quo", and a device to distribute resources with the least rancor rather than as a policymaking tool. In a time of sufficient resources, said one critic, the process assured that each school would get its turn at new money, next year if not this year. But the budget was not used as a forum for defining roles and responsibilities, for setting goals and measuring progress.

There was dissent to this prevailing view. Dissenters argued that the budget was used in a sophisticated way to adjust for increased costs and allow for judicious program improvements. It is a convenient whipping boy when resources are scarce, they say.

3) Duplication. Opinions were sharply divided on whether there are substantial savings to be had by eliminating duplicate programs or even whole institutions within Higher Education. For some, a display of Higher Ed's willingness to prune away some course duplication (journalism at OSU; various public administration and business administration offerings) is seen as a test of good faith, following which the Legislature might talk more funding. The factual short-term savings would probably not be great, and would be quickly consumed by demands for new programs, higher faculty salaries and scaling back tuitions. Long-term benefits for the System were viewed as considerable if Higher Education institutions had narrower and clearer understandings of their respective roles and responsibilities.

On the particular question of closing Western Oregon State College, few respondents saw substantial savings accruing to the System and the State. Nearly all, however, saw advantages to

narrowing WOSC's mission to teacher training ("the education profession") and strengthening its ties to Oregon State for related academic work.

Again, real cost savings are in access, several observers agreed. Reduce access -- through fewer students, fewer classrooms, fewer campuses, fewer programs -- and you reduce costs. That's the real choice, they argued, not easy elimination of duplication.

Looking at future cost factors, observers predicted these needs for Higher Ed:

1) Higher salaries for faculty: The system will face the need to attract and retain quality faculty in the face of competititon from institutions in other states that are maintaining their pay scales and programs despite the recession (Michigan), or even upgrading them (resource-rich states such as Texas, Louisiana and Alaska were mentioned). Even fiercer competition, in certain fields such as engineering and electronics, is coming from industry. One example offered by an educator: an engineer with a Bachelor of Science degree can start in industry at $25,000 and up, while an engineer with a Ph.D. going into teaching starts at $18,000. Faculty are discouraged not just by present pay scales, respondents reported, but by the uncertain future and the wavering commitment to quality they observe in the voters and their representatives at the Legislature. Opportunities for professional advancement are constrained here, they say, by inadequate research facilities and technical equipment ("Oregon's high schools have more mini-computers than the colleges and universities," complained one educator), and by the inability to keep course offerings abreast of advances in their fields.

2) Libraries and laboratory facilities: "Oregon is dead last (nationally) in library acquisitions," said one respondent, "and wouldn't be accredited today." He and others also said lab

facilities were suffering, especially in comparison to equipment required to keep up with developments, let alone advance them, they noted. Equipment is expensive to buy, maintain and replace; and it needs replacing (upgrading) frequently.

3) Physical plant: Oregon's Higher Education facilities are on a 64-year replacement cycle now; 15 years is the standard.

VI. UNDERLYING AND ASSOCIATED ISSUES

1. Objectives/Program

Most observers agree that education is valued highly in Oregon. In interviews, references were frequent to the early tradition of denominational schools and the land-grant college at Corvallis (now OSU). As one respondent put it, "There is a strong Oregon attitude that education should take the highest priority for public dollars." Oregon's traditional high literacy rate is noted.

While few felt education as a public expenditure should be entirely insulated from the effects of a weak economy on public revenues, the case is made for some measure of fiscal protection on the grounds that education is an "investment in Oregon's future, and investments should have higher priority than current spending," as one respondent described it. Another put it more broadly: "Education provides for the future of the community and the state."

. Others, noting the State Constitutional requirement "for the establishment of a uniform, and general system of common schools" (Article VIII, Section 3), suggested that education is among the strongest mandates of the State, and must receive consistent priority attention.

a. K-12

1) Role and Responsibilities: "Teaching children to read, write, analyze, compute, listen," said one respondent succinctly, is the role of elementary and secondary education. Another says the job is to promote and enlighten our children on the values and mores of American society, to teach the basics for producing "average cognitive activity" (reading, writing, math), and to prepare a child for a productive work career or post-secondary education.

Respondents emphasized the importance of students "learning how to learn," both basic skills and the abilities to reason, analyze, evaluate and communicate. Especially important in a rapidly changing world, they said, was the ability to process new information, to adapt, and to learn.

Distinctions were drawn among: 1) basic skills (language arts, math, science); 2) enrichment (art, music, languages); 3) vocational education; and 4) "non-educational activities (driver training, in-school health care). Most agree that K-12 responsibilities include the first two areas, although with some emphasis on the first group. Opinions on the proper level of vocational education in K-12 diverged widely. "Non-education" activities were often cited as the culprit in rising school costs, although there was no unanimity on whether or not they should be retained in school programs.

K-12 schools were cited by some as institutions for preserving and transmitting cultural, societal and ethical values. The usual comment was that schools are now expected to carry this burden nearly alone, that parents and other community institutions are either shirking this responsibility or are withdrawing from it.

2) <u>K-12 Quality Issues</u>: There is a widespread perception that the quality of education offered in Oregon's (and the nation's) elementary and secondary public schools has declined during the past two decades, and that graduates are not well prepared for either gainful employment or higher education after high school.

Nearly all cited the "language arts" -- reading and writing -- as the most serious casualty during that period.

Two other areas of weakness often cited were math and science, where student preparation by the education system is considered inadequate to the rapidly growing demands of technology advances in business and industry.

Several explanations are offered for the perceived decline in K-12 quality. The turmoil and lax discipline in schools in the 1960's and 1970's -- the challenge to authority -- were seen as leading to looser academic standards, open schools, reduction in required courses, expansion of electives, value placed on student "choice" and "relevance" in course offerings. Fewer demands were placed on students during hours spent in class and for homework. "Social promotions" became more prevalent, while flunking became less so.

Weakening of supportive community institutions that have historically taken civic pride in schools was suggested as a problem, along with the growing number of single-parent families and families with two wage earners. This development has reduced the time parents could spend helping with, and reinforcing, the lessons learned at school, it's observed. Television is responsible for the diminished facility children have with the written language, said one respondent.

Efforts of the middle and late 1970's to establish standards of minimum competency for graduation from the K-12 system were noted. A few observers lauded the program, but most took exception to it as having the perverse effect of leveling and even lowering the quality of graduating students. General expectations are lowered, said one, and less attention is paid to the bright student. Another said it fails to recognize either achievement or failure appropriately, and cheats students and parents. An administrator said that the minimum emphasis has effectively been abandoned now, although schools must still certify competency of all students in basic subjects.

The fact of lax discipline was acknowledged as a condition of the 1970's. There was disagreement over whether it persists into the 1980's. Most of those who mentioned it as a continuing issue came from outside the education community. Those inside usually

regarded it less as a problem now in schools and more as an issue in the public's perception of schools. As one educator said, when students are perceived to be under control, parents are far more likely to support the schools. Discipline has been equated with learning; and while there is a connection, it is less than is generally thought.

Moreover, several observers commented, students have adopted new values since the tumultuous sixties and seventies. They are more serious, and more materialistic, more concerned with having the means of earning a living. Vandalism, drug use (except alcohol) and discipline problems have dropped dramatically in the last five years, they say. The absence rate is half what it was in the 1970's.

Overall, perceptions about quality in the K-12 system among business respondents and legislators not directly involved with education tended to be less favorable than among educators. Non-educators interviewed believe the problems persist and are growing worse. SAT scores at or below national averages during this period and into the 1980's were cited. One businessman said his oncoming work force "can't spell or write."

K-12 educators acknowledge weaknesses but note a recent change in the trend. In their view, overall quality today is better than five years ago and improving. There is a lag time between the fact of a problem and the public perceiving it, one educator commented. Students are more serious, and schools more disciplined places than they were five years ago, he believes. Several educators observed that requirements in English, math and science have been stiffened recently, and that training in writing now often extends into vocational education courses as well as more traditional ones. Fewer electives are offered, they say.

Educators cite threats to quality emerging in the apparent growing resistance of taxpayers to support local schools. School

closures often mean losing a system of teachers and administrators built up over years, as the best people move to more secure positions elsewhere.

Funding uncertainty, even short of closure, can have the same effect, educators say. Recovery can take years. Still, no one interviewed cited a lack of funding as reason to date for a decline in quality.

3) How to Improve K-12 Quality: Specific recommendations on how to improve K-12 quality were offered. Most often cited was the need for greater emphasis on a core curriculum and stronger academic requirements: four years of English and writing, three or four of science and math, at least two years of a foreign language. Many said also that history, geography, art, music, and similar traditional subjects should be included. Fewer electives, and fewer "carrier courses" (science fiction instead of English), should be allowed.

One educator's comment was that students are more likely to value writing and other elements of a core curriculum if schools and parents also clearly value them, and find means of expressing this. This educator has organized school-wide writing exercises and posted the best efforts along the walls of the school as recognition.

Also mentioned as necessary for quality improvement is the importance of qualified, committed teachers. The most important function of a school administrator, said one, was to select and prune his teacher corps. The difficulty of firing unsatisfactory teachers, a consequence of collective bargaining, as several saw it, hampers administrators but less than is generally thought, they said. Selection is the crucial step.

The quality of teachers in Oregon schools is generally viewed as high, but trouble spots are noted:

- teacher preparation that focuses more on teaching techniques than on subject matter;
- fewer bright students and more average students choosing a teaching career;
- fewer bright women choosing teaching as other careers open to them;
- math and science teachers especially in short supply.

A loss of "sense of vocation" among teachers was suggested as a problem by some respondents, who ascribed this largely to the growth of collective bargaining and of an adversarial relationship between teachers and the parents and community they served.

Higher standards for graduation from one grade level to the next, and greater academic demands on students were improvements proposed. Some respondents suggested that tougher admission standards at Oregon's colleges and universities would send a clear message to K-12 students and teachers both to upgrade their program if they wanted access to higher education institutions.

Finally there was the provocative suggestion that the public schools focus more on children in grades K-8 or even K-4 rather than the high school years. There are programs such as Headstart, one said, that prove extra attention to the young pays off.

4) K-12 Program Issues: There was agreement that special education and so-called non-education programs were among the cost leaders of the 1960's and 1970's. Several respondents lamented the progressive use of schools as "social laboratories," as tools to right societal wrongs instead of teach, and as convenient delivery systems for such non-education activities as public health (immunizations) and traffic safety (driver education). The purpose

and integrity of the system, its teaching mission, was diluted and compromised by these add-ons. Educators and non-educators alike feared that the voters' willingness to pay for basic education is imperiled by the high cost of these extra activities.

There was considerable disagreement over the place Special Education has in the system. Some respondents considered it not education but social welfare. The needs of those with handicaps and learning difficulties may be real, they said, but they should be addressed elsewhere than in the schools. The classroom is de-emphasized and the handicapped student emphasized, one observed.

Some disagree with this analysis. As one respondent declared flatly: "This is the best education dollar we spend." Either we address these needs early and in the schools, it's observed, or we pay later through the criminal justice system or at mental health clinics. "Special education allows some kids to have their first success, instead of a life of failures," said one respondent.

The costs of special education are high in Oregon, but that's because Oregon does more work of higher quality with children than is done nationwide, proponents noted. The costs are usually not excessive, a respondent said, and they mean less burden on the classroom teacher, and thus are cost-effective. The problem, as some see it, is more one of disproportionate statewide burdens to urban areas with a large needy population, such as Portland or Salem, or to a very small district with even one child that requires costly attention.

Regarding vocational education, there was less disagreement than confusion about the role it should play in K-12 systems. A few respondents said vocational education at this level is a waste of students' time and the system's funds, and will be more so as jobs in new fields become increasingly technical and complex. High

schools can't afford the equipment necessary to adequately train students, and equipment they buy today can be dated in a year. Few high school students can learn entry level vocational skills, and some followup studies show that few remain in the fields they have pursued in high school classes. One educator called it a "joke" at the high school level even in skills such as carpentry or plumbing, and impossible in advance vocations such as electronics. Vocational education should be reserved for community colleges, he said.

Others defended vocational education in high schools, coming at the subject from different angles. Three rationales were advanced:

- vocational education opportunities can "save" students who are not college-bound and discouraged by the academic curriculum;
- high schools can expose students to a variety of occupational demands, and prepare them for post-secondary training at community colleges or on the job;
- basic academic tools such as writing and math can be taught best to some students through the medium of vocational classes.

Vocational education is also credited by some with developing positive attitudes toward work habits. One respondent reiterated the proposition that it is less important to teach a vocation in high school and more important to give children "life skills" and the tools to go on learning.

5) <u>K-12 Teaching Issues</u>: The central issues, said one respondent, is the declining quality of people attracted to education for a career. "We're not getting the best and the brightest the way we used to," said a long-time observer.

Pay is one reason that's cited. People are leaving because they can't make a decent living; the award system is skewed. The image of the profession, of violence and disciplinary problems, is

another. The image used to be one of a "top-flight profession", said another respondent, and now it's "bottom of the barrel." A third cited a Duke University study which showed that those entering the profession now rank below those entering ten and twenty years ago.

Oregon's teacher education curriculum and certification standards were criticized, with one respondent characterizing the teaching as a guild system protecting mediocrity and elevating the pay structure through certification.

While conceding softness in these structural areas, most people thought the problems ran deeper. Teaching K-12 used to be a second-income job for many, especially women. Now it is usually head-of-household employment for men and women both. While the public is reluctant to pay higher wages to teachers for "nine-month jobs," summer seasonal employment is often manual and pays little, and must be scheduled around growing time commitments to summer course work for certification requirements. One respondent put it this way: "Teachers and the public differ on how valuable a market commodity a teacher is ... this conflict will result in either higher pay or a lower quality of teachers." As suggested earlier, the first casualties may already be math and science teachers. One respondent said the system may have to simply pay higher salaries to attract and retain teachers in these fields, and incur the resentment of other teachers.

Many respondents cited the advent of teacher organization and collective bargaining as a major trend affecting both cost and quality of education, but there was a division over whether the effects have been beneficial or not. Collective bargaining is generally credited with substantial, necessary gains in teacher pay during the 1960's, although pay increases have about paralleled inflation since 1970, educators believe. Fringe, and improved working conditions, such as smaller classroom size, and fewer obligations outside the classroom, along with maintaining purchasing

power, were the topics of the 1970's. The pay gains won by collective bargaining are credited by one respondent with keeping the slippage in teacher quality from being much greater than it otherwise would have been. Another said these gains were at the expense of community support and, so, cost too much. Currently, several observers suggest, pay issues have come to a head with school district revenues down dramatically, and multi-year teacher contracts with cost-of-living increases required to be honored.

Other long-term effects of the evolution of collective bargaining were cited, mostly injurious. These include creation of an "adversarial" relationship between teachers and administrators. The parties have come to feel they must "bad mouth" each other publicly during periods of negotiations, said one observer. The credibility of all is injured and the level of community support is reduced, it's observed. The biggest danger in collective bargaining, said an administrator, isn't salaries (which he noted compared unfavorably to airline stewardess salaries), but that education policy decisions may be made in secret in bargaining sessions. Such decisions -- evaluation of teachers, level of teacher involvement in the classroom -- may be more critical than fiscal decisions, he warned.

Several respondents referred, again, to a "loss of vocation" among teachers and attributed it partly to collective bargaining, partly to other societal trends. Said one: "They (teachers) have built walls between themselves and their constituency, the community. They bargained not to have to come in after school hours for parent-teacher conferences."

b. Community Colleges

1) Role and Responsibilities: It's unanimous that vocational education remains a clear mission and responsibility of community colleges. Beyond this role there is disagreement among those interviewed about what community colleges should do and be.

Some observers feel community colleges were intended by their legislative founders to provide a "second chance" to students who graduated from high school but were not prepared yet for a four-year college. Credits were to be transferrable. Another, related purpose was to provide basic skills to supplement the work experience, or as one respondent put it, "to teach language skills to tractor drivers."

These purposes were responding to two larger movements in our national life, say those who advocate a broad role for community colleges. They paint this picture: Wider access to education at all levels, beginning in contemporary America with the GI Bill, led families to consider post-secondary education not a remote privilege for the few but a right for all with the capacity to do the work. Eventually, education after high school became almost a necessity for many occupations. In the 1960's this impulse for more and higher education collided with the baby boom generation nearing college. Oregon's answer, in part, was the community college: "education's open door." as one respondent described it. By opening this door, some observers recall, it was hoped that pressure would be diverted from the State's Higher Education institutions, which could then raise their standards and the quality of their programs. There was an expectation that lower cost education could be provided at community colleges.

Again, some respondents take exception to this description, and argue that whatever the need, community colleges were intended to be vocational schools and, only incidental to this role, were intended to provide academic coursework. And that, they say, is all the community colleges should probably be doing today.

With the very rapid growth of community colleges in both numbers and mission during the 1970's, the problems of role definition became more acute, those interviewed suggest. Conflicts and overlaps with K-12 and Higher Education, in the view of most respondents, also began to take on serious proportions.

In one respondent's words, community colleges tried to become "all things to all people;" in another's, community colleges were to "fill in the cracks of the State's overall education program," handling dropouts, adults, those needing specialized training not available elsewhere. While no two respondents seem to agree precisely in their descriptions, the following activities were all associated with community colleges in the interviews:

- "lifelong learning" for adults wanting more education or needing training for a career change;
- "community access curricula," or "quilt making" courses asked for, and in theory paid for, by the community;
- community service (conferences, community meetings, some athletics);
- general and liberal arts education for 13th and 14th year students (not just "second chance" students);
- courses for high school students needing more "challenge" than is available at their own schools; or for those needing vocational training unavailable at their school;
- offering a cooperative (Central Oregon Community College and Oregon State University) four-year college program;
- economic development planning and training, beyond vocational training (eg. Business Resource Centers);
- remedial high school work.

Although there was a wide divergence of opinion on what combination of these and perhaps other activities should appropriately be assigned to the community colleges, there was near unanimity that settling this question was one of the principal educational challenges facing the state. A clear division of responsibility between K-12 and Higher Education existed prior to the advent of the community colleges, recalled one respondent, and while the emergence and growth of community colleges was a reasonable response to changing circumstances, redefining roles and

reassigning responsibilities is some years overdue. Many of those interviewed concur Oregon's economic troubles and diminished State revenues make the task urgent. The chief problem areas, it was generally agreed, are:

- establishing an appropriate fit among K-12, community colleges and Higher Education; treating a student's public education as a whole rather than as a sum of independent parts;
- devising a governance system and funding mechanisms that permit effective management of a whole education system, but which would not sacrifice the community college's quality of flexible response;
- reexamining the question of absolute open access of students to community colleges;
- clarifying the role of community colleges in meeting State goals for economic growth and diversification.

2) Access: Community College educators and their advocates are protective of their charge to be "education's open door." Yet, more than one respondent questioned whether the State, at least, should continue to pay for such absolute access absent retention standards. ("How many years does the State have to subsidize an individual who's not accomplishing anything?") There are questions, too, about "community access" courses, requested by citizens and ostensibly paid for in full by them. Many observers believe that these courses are subsidized in part by the State via overhead and capital construction funding. One thought that senior citizens ought to pay full freight for courses they chose to take along with other students.

On the other hand, nearly all respondents value the local, open, responsive-to-the-community character that most community colleges appear to have developed. The colleges' rapport with their communities was attributed largely to this responsiveness.

In much the same vein, several respondents foresaw a growing demand in the years ahead for adult and continuing education opportunities -- for women returning to the work force, for individuals seeking second careers, for retraining workers to track technology advances. While some of this demand will be met at the four year schools and universities, few expect the high schools to play a significant role. Community colleges, for many observers, are a tool admirably suited to this task.

3) Community Colleges and the Higher Education System: Community colleges now offer courses in the liberal arts comparable to courses that are the heart of lower division (freshman and sophomore year) work at the State's colleges and universities, observers acknowledge. This has produced competitive strains, with representatives of both two- and four-year colleges saying they can do a more effective job with the lower division courses.

Community college advocates charge that four-year institutions de-emphasize the quality of lower division courses and use them to subsidize upper division and graduate work. This occurs when lower division courses are cheaper to teach, this group argues, especially because lower-paid graduate student are often assigned as teachers.

Four-year institutions do a better job with lower-level courses, say other observers, because the setting provides a more cohesive student experience, especially for those who plan to pursue further education. Community colleges, they argue, are "invading" the lower division turf for economic reasons, having discovered that academic courses are cheaper to teach than vocational education courses with increasingly higher price tags for state-of-the-art equipment.

Various causes are proposed to explain the competition, some of which suggest that for better or worse it may be here to stay and must be accommodated. While in the 1960's the community

colleges may have complemented Higher Ed by diverting baby boom and education hungry students from overflowing the facilities of the State's campuses, student populations have since stabilized and even fallen slightly recently at Higher Ed campuses. Meanwhile, enrollments at community colleges have risen by 16% between 1975 and 1980, and are projected to rise another 24% by 1990, according to those familiar with current data. The present recession is persuading many students to economize by living at home and paying the lower community college tuition charges. As the range and quality of community college academic offering has improved and expanded, more students may be finding this alternative increasingly attractive, it's suggested. In short, in a time of economic hardship and stable education populations, the community colleges and Higher Ed are in direct competition for academic students.

Several respondents commented on the disagreement over free transfer of community college credits to State Higher Ed schools ("Portland Community College credits in electrical engineering are accepted at Oregon State but not at Portland State. That doesn't make sense," said one.). It does make sense, observed another, if a school wants to use access to its upper division classes as a draw for lower division enrollments.

Other examples of the competition were cited: lower division courses at Chemeketa Community College are said to be drawing enrollment away from Western Oregon State College (WOSC) and weakening its rationale for existing as a separate campus; and the offering of freshman English and other academic coursework at Portland Community College (Rock Creek campus) is duplicating similar pre-existing courses offered at nearby Pacific University.

While there were ardent proponents of the claims of both community colleges and Higher Ed, it should be noted that several thoughtful respondents deplored the infighting and competition they perceived both within each system and between systems. The

community colleges are here to stay, they argued. Furthermore, they will have a statewide as well as local role to play, and the effort should be to define that role complementary to that of Higher Ed. Both systems are victims of the State's economic distress and both will suffer along with other public and private institutions. Finally, they argue, the overlap is due less to empire building by community colleges and more to their success in meeting a real demand for educational services. Both systems need to understand more clearly what that demand is and how it may be cooperatively and cost-effectively met.

4) Reducing the Competitive Factors with Higher Ed: Suggestions were offered for structual adjustments in community colleges and Higher Ed to resolve duplication.

Most alternatives began with the view that a big fix was unnecessary, and would likely create as many problems as it would resolve.

Respondents felt the process should be incremental and evolutionary. For example, while Western Oregon State College (WOSC) was usually considered vulnerable to competition from both Oregon State and Chemeketa Community College, some respondents proposed that WOSC and the community college be "paired" for some lower division-upper division work, and that WOSC could recapture its "education professions" rationale from competing courses elsewhere in the Higher Ed system, including from OSU. Liberal arts courses closely associated with teaching (child psychology, for example) might be centered at WOSC but shared with OSU. WOSC students would have access to other liberal arts classes at OSU, perhaps taught on a shared faculty basis.

In remote areas, Eastern Oregon State College (EOSC), Southern Oregon State College (SOSC) and Oregon Institute of Technology (OIT) might continue to operate on a reduced basis as

four-year schools to satisfy demands for access in those areas, but with emphasis on lower division offerings and assuming vocational and community programs similar to those of community colleges. Union, Klamath and Jackson Counties do not presently have community colleges. Community colleges in areas outside the Willamette Valley and isolated from the State's system of four-year schools might pursue arrangements such as Central Oregon Community College at Bend is now exploring with OSU, for incorporating four-year offerings. The universities could raise admission standards, as originally contemplated, and concentrate resources in areas that benefit from a more rigorous undergraduate and graduate work program.

The most radical change proposed involved reassigning all lower division reponsibilities to the community colleges and redirecting the Higher Ed system to upper division and graduate studies and research. A financial adjustment would be needed to compensate the Higher Ed schools for the higher per student costs of its remaining programs. Coordination of lower division community college and Higher Ed coursework would certainly be more difficult but not insoluble; and the transfer of credits issue would be laid to rest.

More proposals assumed a process that included a long-range plan agreed to by the Governor and Legislature that clearly set goals for a restructured system but phased it in over ten years or more, and allowed the detailed compromises to be worked out by the education community. Most also assumed a greatly modified State-level governance structure for post-secondary education that included both Higher Ed and community college systems. Several respondents mentioned the "one university, multiple campuses" concept. The issue of governance is discussed at greater length under Decisionmaking (see page 77).

5) Community Colleges and the K-12 System: There is a debate among respondents whether the lines of responsibility between

debate among respondents whether the lines of responsibility between community colleges and K-12 should be sharpened, or kept flexible to best meet student needs. There is a tendency for K-12 to use the community colleges to relieve pressure at high schools, to challenge bright students and cope with the academically disinclined and problem students, it's observed by some. Remedial work, a critic said, is shifted to the community colleges where instruction costs more. This is not cost-effective for the community or the State taxpayer, and it is an indefensible extention of the community colleges, which were to be post-secondary institutions. Another respondent argued that too much societal value was placed on post-secondary education, encouraging children who don't need and don't want post-secondary education to go on, nonetheless.

Several respondents made compelling cases to the contrary, however. One said there should be more flexibility in education programs for 16-year-olds and up, more coursework relevant to their needs and interests. Children mature faster now, and some are prepared earlier to make vocational and pre-professional decisions, it is argued. Community colleges offer a "richer" choice for such students, a quality equally valuable for students who can't decide yet on a career.

For high school dropouts, community colleges offer precisely what they were in part intended to: a second chance. One observer cited these Oregon Department of Education figures: A drop over ten years in the number of entering high school freshmen who graduate four years later, from 81% in 1970 to 68% in 1978. Rising enrollments at community colleges of students age 17 or younger from 635 in 1970 to 2756 in 1977 and presumably a continuation of this trend in more recent years for which data is not available.

There is duplication of vocational educational programs between community colleges and high schools and, in the Portland area, among the three community colleges, several observers noted.

Many would encourage concentration of the often-costly vocational equipment and facilities at the community colleges where possible, working out cooperative access with area high schools. But at least one respondent demurred, saying there should be more "Benson Tech's" and more vocational education "exposure" at the high school level. This concern could possibly be accommodated under cooperative access agreements, he suggested.

6) Community College Program Issues: The usefulness of the community colleges in further economic development goals, adapting quickly to the demands of the economy for trained workers was extolled by several observers. Portland Community College's training program for Wacker Chemical workers was cited, along with retraining programs for Boise Cascade employees when the Salem jobs were lost. The community colleges are seen to be expanding their vocational education offerings, and such devices as Business Resource Centers, in support of the current enthusiasm for economic growth tools.

Dissent on such program approaches was heard as well. While one respondent remarked favorably on the rapid response of community college in developing a training program for air controllers, then winding it down as demand diminished, another said that little sophisticated market research is used in deciding on programs; e.g., a group of dentists will ask for a dental assistant's program and get it without any independent determination of community demand. Other observers in and out of the education community said the schools should do more forecasting and consultation with business in developing curricula.

The prospective problem of coordinating the technician-level training available at community colleges with the engineering and advanced technical education intended under some State development strategies for Higher Ed was raised. The question arose whether the present system of informal consultation is sufficient to

the task of tracking the rapid evolution of technology and the rapid in-State expansion of this economic sector envisioned by Oregon's business and political leadership.

Thirteen locally-elected community college boards loosely attached to the State through the State Board of Education must maintain a close and constant dialogue with eight State institutions of Higher Ed governed by a different State Board, if education support of new technology is to be maximized, it's observed. Program diversity must be balanced against the need for a coordinated approach to high technology education, several observers cautioned.

c. Higher Education

1) Role and Responsibilities: Higher Ed shares with other education levels the broad responsiblities of education in this country: 1) to develop learning, reasoning and evaluative abilities; 2) to collect, organize and communicate useful data; 3) to teach skills that lead to gainful employment; 4) to civilize, transmitting values and an appreciation of the arts. This view, shared by most respondents, includes an emphasis on preparing students for post-graduate professional training and professional careers, encouraging research and the ordered growth of knowledge, and teaching the liberal arts. Several respondents placed special emphasis on a liberal arts education as necessary to educate "innovative, creative people -- not just technicians -- from whom society could expect a less immediate pay back but one of greater long-range value," as one educator put it. This argument is distinct from the populist case made by many community college advocates that every educated citizen, including welders and farmers, should participate in the "civilizing" benefits of liberal arts studies.

2) Access: Access is a key issue in discussion of Higher Education financial problems. Proponents of access as a top priority cite State system's adopted objectives of Higher Education, under review, which includes this one: "to admit and to provide post-high school educational opportunities for as many students as can be accommodated effectively" within financial and institutional constraints. One state legislator observes that the Joint Ways and Means subcommittee on Education, in 1982 budget notes, expressed a view of the Legislature that the System should continue to serve "at least the same number of persons now served and to maintain the quality of the education, research and public service programs."

The opposite point of view was expressed succinctly by a businessman interviewed: "Access is a dream we can no longer afford." He and others recall the rapid expansion of Oregon's Higher Ed System in the years after WWII, noting the establishment of OIT and Portland State College, upgraded to University staus in 1969. Enrollment and course offerings expanded also to the other universities and colleges. Three teaching schools "metamorphosized" as one respondent put it, into liberal arts colleges. Theoretical science programs developed at the U of O, Oregon's liberal arts school; while liberal arts courses sprouted and grew at OSU. Observers recall that the development of the community college system in the late 1960's stabilized enrollments at the institutions, but course offerings continued to evolve and expand. It's observed that access is often thought of only in terms of enrollments, but access has to be measured in the widening array of courses, a matter of significance when tracking dollars through the system.

Several respondents, educators and legislators in particular, observed that the stabilization of enrollments in the 1960's was supposed to bring with it an upgrading of quality in Higher Ed schools. The brightest and best-prepared students were to enter four-year programs while others would attend a community

college for vocational training or a second chance at transferring to the university. Entry and retention standards could be made more rigorous.

The purpose was largely defeated by tradition, economics and demographics, some observers commented. According to one respondent, the University of Oregon raised it's entry requirements and proposed to concentrate on upper division curricula, but backed off quickly when it was realized that no additional funding was forthcoming from the State to pay for the shift to more costly upper division courses. Four-year schools were reluctant to give up their access to lower-division students whose courses subsidized those in the upper division, and who were the easiest recruits for the school's third and fourth years.

The tradition and prestige of a four-year baccalaureate program was stronger than foreseen, observers recall, and a generally prosperous economy in the 1960's and 1970's allowed most students who wanted a residential college experience to choose it. Finally, the growth of the community college system and the decline of the baby boom overlapped, and consequent competition for students developed.

Low entry standards at Higher Ed schools have been both a cause and an effect of the impulse toward the widest possible access, according to some respondents. Until 1982, Oregon schools required only a 2.5 Grade Point Average and completion of the Scholastic Aptitude Tests of admission, it's noted, with no minimum standard for complete coursework from high school. The low admissions standards diminished incentive of high school students to prepare (and high schools to prepare them) for college, and resulted directly in the remedial secondary-level courses the colleges found they had to teach.

Under Chancellor Davis, entry standards have been raised, to a 2.75 GPA and a test of writing ability at the U of O, OSU, and SOSC. The new Chancellor has proposed to establish minimum high school course requirements as well, in English, advanced mathematics, science and social science, and a foreign language.

3) Higher Education Quality Issues: While those in the Higher Ed community defended the quality of higher education in Oregon as "far higher than the dollars would indicate," they warned that the ability to maintain this quality was perceptibly declining. Respondents outside the community were more critical of present quality levels. The system is "teetering on the brink of mediocrity," said one businessman, while another saw "a long tradition of mediocrity" in the system, and a third criticized "institutions more concerned with perpetuating themselves than with education."

In general, the level of post-secondary and graduate education available was felt to be satisfactory but not exemplary. One respondent, an educator who was not an Oregonian, attributed this to the "populist, anti-intellectual" role he felt education played in Oregon -- "everyone needed some but no one needed too much." Academic excellence was simply not a goal in Oregon, he said. Most others, while arguing for strengthening the system's schools, did not defend the choices of the past or speculate on the reasons for the middling quality. The suggestion for upgrading programs usually focused on technical training -- high-tech electronics and engineering -- as well as teacher education.

Oregon State University was felt to have preserved its traditional, resource-based land grant program strengths, but neither OSU nor any other institution was prepared to support high-technology industry with research capabilities or trained graduates, it was observed.

"The most urgent task," said one critic, echoed by several others, "is to improve the quality of teacher education. Monmouth used to be a quality teacher education program. No more."

The competitive strain between Higher Education and community college advocates over lower division programs arose again in regard to teacher education programs in four-year colleges and universities. Community college advocates charge that the quality of lower division teaching courses in four-year institutions was inferior because graduate students, not trained teachers, taught the courses. Higher Ed respondents denied that quality suffered because of these graduate student assignments, and countered that lower division courses benefitted significantly by being taught in the context of a four-year teaching program and with more extensive facilities.

The teaching of remedial English and math classes in four-year colleges was noted disapprovingly, with respondents placing the blame for this on inadequate preparation at K-12 levels, and lax entry standards in Higher Ed institutions.

4) Competition and Duplication Within Higher Education: The way to begin saving significant money in the Higher Education system is by pruning back the system, several observers outside the system argued. Legislators and business respondents were more fond of this approach than others, and often made the case that the campuses had been created (PSU/OIT) or grown (all of them) on the basis of "ad hoc politics," and without clear understanding of the mission of each institution and their interrelationships. The result, in view of critics, was imbalance, with some areas of the state thick with institutions (Corvallis/Eugene/Monmouth) while others are served sparsely. Yet, other respondents, and not just educators, thought the system had generally responded well to the demands of politics and demographics since WWII, although some adjustment was in order now.

The following are summaries of some of the comments received on the schools of the system:

- UO/OSU: The University of Oregon is described by the Board of Higher Ed as the system's "liberal arts university" while OSU is its "land-grant institution." While there is still different emphasis in their programs to reflect descriptions, most respondents felt there was also entirely too much overlap for two institutions forty miles apart. One respondent described UO President Flemming's beachhead in the theoretical sciences in the 1960's; another remarked on the upgrading of OSU's technical writing classes into a journalism department. The competition is seen having roots: the creation of a Board of Higher Education in 1929 was largely a product of the rivalry between UO and (then) OSC. The "proliferation of courses and dissipation of resources" are themes common to those times as well as these.

- SOSC, EOSC, and WOSC: These three schools, in Ashland, La Grande and Monmouth, respectively, are viewed as "normal schools" (teachers' colleges), upgraded since WWII to State Colleges with liberal arts curricula and expanded enrollments. They are the response, in the words of one observer, to the "regional imperative" for accessible four-year schools, which has also driven the community college system. The opposite point of view, held by most respondents, was that "Higher Education isn't a local system -- it serves the state," and institutions should exist for their state contribution, not a regional one. The issue has been forced in the particular case of WOSC, which legislators and other observers propose be abandoned and, according to one plan, be turned into a medium-security penitentiary. Educators have resisted this, arguing that the capacity is needed and that WOSC's students would simply move to other State schools and create a demand for new construction of new facilities at additional cost.

  Several respondents felt the issue ran deeper than moving students around and shifting the dollars to support them. WOSC (and, by inference, the other two schools) was described as an alternative distinct from the two nearby Universities. It offers a public, small-college experience for students unprepared for the competitiveness and isolation of the larger schools. The question whether to close it, or even to combine it with OSU as now proposed by the new

Chancellor, presents a choice between "diversity, competition and academic freedom" on the one hand, and the need for economy and efficiency on the other. Several respondents felt that WOSC was a useful and distinctive institution, and that given adequate State resources, it should be preserved independent of OSU. But short public rations was not the only trend causing problems for WOSC, observers comment. The niche it occupied was more explicit and protected when it was a teachers' college. By 1977, when 40% of its student body was pursuing other than teacher education majors, WOSC was directly competing with the other nearby liberal arts schools for student and program dollars, according to some observers. A plentitude of both these prompted the school's expansion; when they both dried up, WOSC's ambition was doomed, they say.

SOSC and EOSC are more isolated from the competition and more secure, but respondents still raised the question whether the State could and should support "regional" four-year schools absent greater coordination or even "pairing" with nearby community colleges.

PSU: Long-time observers recall that Portland State University was founded in 1946 as a daytime extention school for returning veterans, became a four-year college in 1955, and the state's third university in 1969. Its original mission was to be an "urban" school, non-residential and emphasizing part-time and adult continuing education. It has grown almost inevitably into a direct competitor to UO and OSU for students, status and State dollars.

While educators played down the turf quarrels between the two downstate schools and PSU, most respondents felt the political eminence of the former, the rule against "unnecessary duplication" of courses which favored the older schools, and the FTE funding formula had been partly responsible for holding back development of the Portland institution.

On the other side of the quarrel, some respondents felt that Oregon could not support three universities, and that creation of PSU, for political rather than educational purposes, had resulted in three mediocre rather than two superior institutions. By rights, one said, PSU should be just another "regional school" like EOSC.

Two very contemporary dimensions were identified to this competition. First, the tax dollars that

indulged the quarreling and allowed each institution to grow have dried up and harder program choices are at hand. If, as some respondents from the Portland area felt, the state's metropolitan area and a third of its population merit a major University, PSU's growth will likely demand a larger share of dollars from the smaller pot.

Second, if the state's economic future is linked to an electronic/high technology industry concentrated in the Portland area, as some business persons and legislators feel is necessary, it presages head-on competition between PSU and OSU for the technical and engineering training necessary to support the industry. Educators from the system, not including any Portland area respondents argue that the industry should build on OSU's existing engineering strengths rather than duplicating the courses at PSU or switching them there. Others, including business representatives involved directly in the industry, favor permanently locating the education program close to the work.

One respondent, searching for compromise, suggests a cooperative effort between the two schools, with OSU faculty opening an OSU satellite campus at PSU.

Oregon Institute of Technology (OTI): The location of the state's only polytechnical school far from most of the job opportunities its graduates might seek is a mystery for several respondents, who chalk up the location to ad hoc legislating. One respondent decribed OIT as "created, then ignored" by the State. Suggestions for change included moving the school to an urban setting where it might thrive, making OIT "more of a community college."

The Oregon Health Sciences University (OHSU): The OHSU, according to one informed respondent, is ranked in the "bottom fifth" of medical schools in the country and is suffering an "accelerated state of deprivation." Several respondents raised the OHSU as an issue, all with much the same theme. "Either spend the money or close it," said one. "How important is it that Oregon students have access to an Oregon medical education?" asked another. It is not written, said a third, that every State system has to have a medical school.

5) Higher Education Program Issues: Much of the discussion of the mission of Oregon's public colleges and universities is wound closely with their contribution to a trained

and employable work force, particularly for the high technology industry that is hoped to be Oregon's future. Noted is the 1981 Legislature's step toward an embrace between the State System and private industry of funding the State share, $500,000, of a proposed High Technology Consortium to encourage educational offerings in support of the high-tech industries. Also noted is the creation of the new Chancellor of an Advisory Board of Science and Technology for the Higher Ed System.

Most respondents welcomed and encouraged this closer alliance of education and business, and harnessing of the education system in support of economic development. Several observed that these relationships were not new, especially not at OSU, but that they had fallen into disrepair especially during the 1960's and early 1970's.

Some respondents, within and outside Higher Education, voiced caution over this developing program issue. They expressed concern that the romance with high-tech development would displace attention to the role of education in transmitting values as well as facts from one generation to the next. Several raised questions of cost ("duplicating the North Carolina Research Triangle may be meritorious but it won't be cheap," said one).

6) Management Issues in Higher Education: Higher Ed was frequently criticized for doing little long-range educational, fiscal or demographic planning. Among the suggested improvements to the planning capabilities of the system, and/or the effects of such improvements, are the following:

- "a master plan built around the goals and objectives of the State," such as California developed 20 years ago, to set priorities for the allocation of funding to goals and objectives; such an approach would also, in the view of some, minimize constant second-guessing by the Legistature;

- an assessment of the demand in the state for specific skills (such as law or engineering), and a "system-wide lid on admission to such programs;"

- "strategic planning" and forecasting in areas of demographics, effects of public policy (taxes/revenues), and functional planning by system and institution.

Other suggestions included improving management by incorporating management-by-objective techniques, and by devising a way to reward efficient management. "When budget cuts are handed out equally, as they now are, the better-managed schools are penalized", commented one observer.

Improved planning and management were considered by most respondents to be a shared responsibility among the Chancellor and Board, the Legislature and the Governor. The initiative, it was felt, lay with the System. Chancellor Davis has in his initial months in office made proposals that appear to be sensitive to this view, observers commented. They note he has created a Vice-Chancellor for strategic planning, and has proposed these areas for treatment:

- determining each college and university mission
- deciding quality levels for each major program
- raising admission requirements
- upgrading incentives for promising students to enroll
- improving faculty salaries and other benefits to strengthen System ability to attract and hold faculty
- reviewing building, equipment and library needs.

7) Restructuring the Higher Education System: The time is right for some restructuring of the Higher Education System to increase/improve quality and cost effectiveness. Proposals tended to fall into three categories.

The first was the evolutionary approach, and this was favored by the majority of respondents. In this scenario, neither WOSC nor any other school disappears overnight. Instead, a

statewide needs assessment and a review of the strengths, weaknesses, regional character and other qualities of each institution are undertaken. For some, community colleges should be included in this evalution. Likely results:

- Schools variously share campus facilities and faculty.
- Truly regional schools such as SOSC and EOSC take on more of the character of community colleges while retaining some of their liberal arts programs.
- WOSC is returned to its true vocation as a school for the education professions; its students rely on OSU, down the road, for the leavening of the liberal arts.
- WOSC and other schools may "pair" with nearby community colleges for splitting lower and upper division responsibilities in some, but not all programs available at the four-year school.

In this view, the redistribution of responsibilities may take place over five or even ten years, striking a new balance between efficiency, (perhaps only one teachers' college remains, and no education courses are offered at the universities), and the values of access and diversity (two or more schools may continue significant business adminstration programs). The redistribution would better reflect the demands of the state and the resources available to the system and display the results of well-grounded planning and firm priority-setting on the part of the Legislature and/or the Chancellor and Board.

Some respondents felt more radical change is needed. One such proposal is for creation of the "one university, multiple campuses" system in Oregon. As in the California model, a single governing board, president and administration manages the system and assigns responsibilities and resources among the campuses. Proponents felt this system would reduce turf rivalries, make possible more flexible management, and improve accountability. Its critics argued that it would likely surrender all the advantages of decentralization and few of the disadvantages, since identifiably distinct campuses would endure.

A third proposal was to strip the Higher Ed system of its lower division responsibilities entirely and assign them to the community colleges, completing a process already begun with the "collegiate" courses now offered in the junior circuit. The senior schools would then be free to concentrate on upper division and graduate work, and to be more selective in their admissions standards.

Critics of this approach are concentrated largely but not exclusively in Higher Education. There is a special value to the "total environment" of learning accessible at a four-year school but not a community college, one declared, a "critical mass" of pursuing a whole program presented in one place. If separated, lower and upper division work in the same field might no longer relate as they now can at one four-year institution.

2. Decisionmaking in the Education System

An effective decisionmaking process is fundamental to financial accountability and cost management, all respondents agreed. As one described it, the process in education or elsewhere should "...set goals, objectives, expectations, and resources...and then (establish) a disciplined allocation of resources to priorities." An ability to address, and redress, many of the problems enumerated in this narrative so far was directly dependent upon a functional, efficient and responsive decisionmaking structure. And while few respondents felt Oregon's was critically flawed ("It has generally resulted in good public education"; "The decisions (for K-12 at least) are usually being made at the right level"), most saw substantial room for improvement, especially at the post-secondary level.

a. The Legislature and the Governor

"Effective policy which sets direction for Oregon education (will) have to come from both the Governor and the Legislature.

It's not so much a matter of structure as it is leadership, imagination and courage from those in appointed and elected positions." Expressed by one respondent in these words, this feeling was subscribed to by most others interviewed. The tasks to which these qualities would be applied were to fund the system and set performance standards for Oregon education from kindergarten through graduate education levels, or as one observer put it, "tell education what is to be done, but not how to do it."

With the exception of Tom McCall, Oregon's Governors in recent years are not given high marks for providing the needed imagination and leadership in identifying education finance issues and carrying the fight to resolve them. Perhaps McCall's experience was a caution to his successor, some suggested, noting that the McCall tax and school finance plan went down at the polls, 3-2, in 1973.

The Executive Branch of the government was also frequently faulted for having inadequate planning and revenue projection tools, resulting in mis-allocation of resources and aggravating an already tense competition for State financial support.

It is the Legislature, however, that drew the heavy criticism at this level. It was described as "unable or unwilling to define the education roles of State institutions, (or the) educational missions (legislators) are willing to pay for," according to a Salem observer. Its attention is criticized as "fragmented," and "too prone to focus on a small part of the problem."

The Legislature is committed to an ad hoc appropriations process based not upon the needs of the system but upon the politics of the moment. It possesses no impulse for long-range strategic thinking, and less and less willingness to face difficult issues with every succeeding session, several observers agreed.

Interestingly, the Legislature is roundly criticized by many inside education for being too intrusive into Higher Education's academic program decisions as well as too ad hoc with each intervention. One educator took strong exception to the budget notes technique used by the Ways and Means Committee to direct Higher Ed spending priorities. At the same time, legislators and others felt the Legislature was systematically and successfully ignored by the Board of Higher Ed, the Chancellor and Presidents, and that it exercised little or no effective authority over the System.

Many respondents, but particularly legislators, expressed dismay over the declining quality of the Legislative membership itself. "The quality of the last two Freshman (Legislative) classes was very poor," said one. The new members were described as "parochial...looking out for their own districts" instead of for the welfare of the whole State.

Also deplored by some respondents was the increasing number of educator-legislators since a Constitutional change in 1957 allowed teachers to serve in the Legislature. A corresponding growing strength of the education lobby was also noted. Several observers, including some legislators, criticized the recent domination of the House and Senate Committees by educator-legislators.

b. Governance: Too Many Kettles, Too Many Cooks

Little satisfaction was expressed with the present State and local structure that governs Oregon's education system. "There is a growing division between K-12 and Higher Ed," said one, "a fragmented view of education" in Oregon. Others echoed his feelings, or expressed parallel ones for the ill-defined place community colleges now occupy in the system.

Many respondents praised the local character of decisionmaking at the K-12 level, and would not surrender that lightly. Even here, however, most seemed prepared to shift the balance slightly in the direction of more State direction if this became a necessary quid pro quo for increasing the State funding share.

Three principal problems with the present system were cited:

1) Decisions are made at one level -- on tuition, curricula, access -- without serious recognition of the needs and missions of institutions at other levels, let alone integration of these decisions across levels. This problem was considered particularly acute with respect to the community colleges' relationship to both K-12 and Higher Ed institutions.

2) State and local resources, viewed as a whole, are not allocated equitably in the interests of assuring substantially equal access to quality education for all children. This problem was considered especially serious at the K-12 level during the current recession, with program cutbacks and school closures in hard-hit areas.

3) Accountability and responsibility for education policy at the State level are confused and unclear. Responsibility within only the Excutive Branch is shared by the Governor, the Chancellor and the Board of Higher Education, the elected Superintendent of Public Instruction and the Board of Education, and the OECC. Some authority is delegated to locally-elected school district and community college Boards and Education Service District Boards. The result, in one respondent's words, is that "there is no one in the Executive who will take responsibility for State policy on education," perhaps because there is no one with the necessary authority. The different offices and bodies become captive to and advocates for their separate principalities, while no one can set goals, assign missions and arbitrate differences, it's observed.

This state of affairs is particularly perilous when resources become scarce, warned one educator, because it invites the Legislature, as ill-prepared as it is, to begin making program and curriculum decisions.

While a few respondents would prefer to muddle through to better times with the present structure, most offered alternatives. Of these, the one that arose most frequently was patterned after the New York Board of Regents. A typical variation would consolidate the State Boards of Education and Higher Education and the OECC into a single Board of Education of 12 to 15 members. One-third of the Board at any one time would concern itself principally with either K-12, the community colleges or Higher Education, to attend to intrasegmental issues. But these assignments would rotate once a year or so to assure balanced attention to intersegmental issues. The Community College Boards would reserve some authority over locally sponsored programs but the schools would become a part of the State system. The K-12 districts and Boards would be left their present status and authority except for standards that would assure program coordination with the community colleges and Higher Education.

Under this envisioned approach, the reconstituted Board would likely replace the present Chancellor and the OECC staff. At least the Oregon Health Sciences Center and perhaps other professional schools as well would be split off from the System and given their own governing boards.

Other variations would only encompass Higher Education and the community colleges under the new Super Board.

There were dissents to this approach. One critic observed that such a structure might reduce the infighting for resources within the education community, but potentially at the cost of heating up the competition between education and other State

activities. Several who favored some such change noted that the effort had been made before, unsuccessfully, and there was no reason to think the politics had changed. One ascribed the present diffuse system to a "residual frontier mentality" that overvalued plurality and decentralization even at the expense of efficiency and quality.

One educator said Oregon was "big enough" to have separate boards for each segment, and proposed splitting the Board of Education into K-12 and community college elements. The OECC would be given real authority over "intersegmental issues," narrowly defined, such as establishment of a new institution.

Finally, several thoughtful respondents cautioned against placing too much reliance on structural change to achieve substantive improvements. Such change only removes a barrier, they warned; it does not provide the will, intelligence and incentive.

c. The Higher Education System

Management and policymaking in the Higher Education System was described by both friends and critics as collegial. The Chancellor was "one President among many," who supervised the collation of budget requests and who, with the Board, represented the institutions before the Legislature. This system was praised by its proponents as decentralizing decisionmaking and encouraging pluralism and innovation among the schools.

However, the majority of respondents, viewing the system from the outside, found this structure wanting for strong leadership and direction, unable to set priorities, delineate institution missions, resolve turf issues, or plan as a whole system for the future. Decentralization became "divisiveness" and was considered unaffordable in times when resources are scarce and priorites are important.

Other respondents found that the collegial system left few distinctions between managers and employees, with the result that faculty members in positions as Department heads were setting their own salary scales and program goals.

The Board of Higher Education was criticized as not a manager of the Higher Ed System but a largely uncritical advocate for it, particularly in competition with K-12 and the community colleges for education dollars. It functioned, said one, as a "constituent of the Chancellor's" and Presidents' rather than as a policy board.

The Chancellor's role as practiced in recent years was also criticized as principally an advocate for the Higher Ed System at the Legislature rather than as a manager. On the other hand, his position was seen requiring very careful balancing, given the power of the Presidents and the relative unassertiveness of the Board. One respondent in a position to know said that one candidate to replace the former Chancellor last year, in whom the Board expressed great interest, decided not to pursue the position when the Board and the Presidents refused his proposal that he have authority to rearrange program offerings within the system.

Another respondent, an educator, suggested that the structure and personalities that have made policy for the System for the past twenty years were perhaps appropriate for their times and circumstances. A growing system and expanding resources may operate and prosper under less central guidance and a looser structure. There is more of a flowering of good ideas and bad when they are not bound to a rigid set of priorities.

d. The Oregon Education Coordinating Commission (OECC)

This body was created by the Legislature in 1977 to critique the whole of the State education system, to do long-range planning, and to evaluate the effectiveness of the different

education components and their interrelationships, as described by one State official. It was established as an agency in the Executive Branch, its members are appointed by the Governor, and its Director sits in the Governor's Cabinet, but it reports to both the Governor and the Legislature. One respondent described it as the compromise result when an effort to create a State "Super Board" of Education failed.

Even its friends, mostly legislators, have trouble characterizing it as either fish or fowl. "It has good people," said one, "but with the unworkable mission of having to find fault to justify its existence," and with no authority to change anything. As a result, it is perceived as taking a necessarily critical, often adversarial approach in its evaluations. "It is loathed by (school) administrators and the OEA alike for uncovering inefficiency and duplication," said another admirer.

Educators, particularly in Higher Education, do seem to view it with almost unanimous distaste. It was called "a body almost obsessed with second-guessing the Board of Higher Ed...adversary to the Board...a Monday morning quarterback."

These opinions represent the extremes. Most respondents described it with words like "redundant," "not well understood," and "a creature of the Legislature." Most recognized it as a second-best effort at achieving some coordination among schools and education levels that were frequently feuding and often at open war with each other over missions and dollars. While some of the evaluative work of the Commission and staff was admired, it was generally agreed that the overall effect was to further muddy an already confused situation. It was as though the Legislature, dissatisfied with the performance of the Board of Higher Education, set up a shadow Board as a way of expressing that disappointment, one observer commented.

While ostensibly the writ of the OECC runs primarily to intersegmental issues, there is wide disagreement over where these end and intrasegmental issues begin. One proponent of the OECC spoke of its analysis of the "rubbing points" among K-12, community colleges and Higher Ed, including competitive curricula. Another respondent, a detractor, strongly resisted the intrusion of the Commission into the curriculum decisions of the State's colleges and universities, saying those were the province of the schools and the Board of Higher Education. Curriculum decisions did not seem to belong clearly in one place or another, being critical to both a Higher Ed institution's program and its relationship to other sister institutions, to the community colleges and to K-12.

e. The Superintendent of Public Instruction

This position, without reference to the present or former incumbents, was viewed almost universally as an "artifact," without any budget or other real authority to set direction except by power of persuasion. Most would make the position appointive by the Governor to clarify lines of responsibility and accountability, though many felt the effort to accomplish this in the face of the voters' expressed wish to keep the office elective was not worth the candle.

One or two respondents would consider making the Superintendent the chief administrative officer of a reorganized Super Board, without resolving the issue of whether the office should continue to be elective.

There continues to be a need for a State Department of Education, in the view of most. If it continues to attend principally to K-12, several educators said, it should become somewhat less of a regulator and more of a "resource center," a kind of super Education Service District.

3. The Independents/Private Education Issues

Oregon's 22 independent colleges and universities enroll around 15,000 students. With the major exception of Reed College, most of these schools depend on a local, Oregon-grown student body. Somewhat more than half have some religious affiliation. According to most respondents who addressed their role, these schools provide a distinctive alternative for a student looking for a four-year -- and in some cases, graduate -- education, and they should be considered an essential part of the state's higher education structure.

The advocates insisted that their contribution to the State was disproportionately large. While they award 20% of the BA degrees and 25% of the MA degrees, their graduates are more frequently among the business and professional leaders of Oregon communities, advocates insist. They offer a "distinctive (educational) experience," said one, of an often smaller student body and campus, closer contact with a faculty recruited to teach rather than research and publish; and in the case of the religious schools, a personal and educational dimension not found at public institutions. They pride themselves on their diversity, which is important also to the richness of educational choice and experience available in the state. According to one respondent, they are more "creative and experimental" than the publics, and provide a useful "benchmark" for public comparisons.

a. Competition with Public Post-Secondary Education:

At one independent school, a respondent noted, the average student's tuition pays 80% of the costs of his/her education, the rest covered through scholarship and the institution's income from other sources; at Western Oregon State College, the average student pays only 20%. The difference is the public subsidy, against which the independents must compete.

Another educator criticized the community college system for its expanded lower division academic programs, against which the independents must compete at an even greater tuition disadvantage. This person cited freshman English courses offered at PCC's Rock Creek campus, within hailing distance of Pacific University.

Representatives of the independents were not hostile to the public system, and felt the demand for their distinct "experience" would always be present. Several of these schools are as seriously pressed financially as the public system, observers noted. Suggestions for relief included specific State actions, such as limiting community college lower division offerings that appear to compete directly with those at any four-year undergraduate program, public or private; and acknowledging the contribution the independents make to Oregon with greater, more secure and more usable financial support from the State.

For the most part, independent colleges in Oregon are not wealthy, and so require rigorous and careful management, respondents remarked. Until recently, State aid was extended to most of them in the form of Purchase of Educational Services from Independent Colleges for Oregon Students (PESIC) funding -- some $5 million in 1979-81, reduced to $3.1 million in 1981-83. It is distributed according to an FTE formula.

The problems with PESIC aid, according to advocates of the independent schools, are: 1) it doesn't adequately recognize the independents' contribution ($500 per FTE student is provided, compared to the $2200 it would cost the State to educate the same student at a public school, says an independent representative); 2) it is being cut back instead of increased; 3) it is perilous for church-affiliated schools to accept it, given the filing of a "separation of church and state" lawsuit now pending in court. At least eight of the 18 schools receiving PESIC in 1979-81 have withdrawn this year to protect their independent status as sectarian schools, an observer notes.

There were dissents to this view of PESIC, including one legislator who questioned whether, "when Oregon is having such hard times, it makes sense to fund private schools with any public money?"

Alternative financing concepts for independents were suggested. One would direct the aid to the students rather than the school, sidestepping the church-state controversy. This would also speak to the loss of Federal student scholarship and loan money, which some schools have tried to offset by shifting operating dollars into student aid.

Another approach was more sweeping -- a student voucher to be applied against tuition at any college or university, public or private, instead of direct State funding to the institutions. "Apply the free enterprise system to higher education," its proponent explained. He predicted it would result in a shift of students initially "flocking" to the independents, but this would be self-correcting as public schools faced the new competition. He acknowledged the unlikely success of his proposal.

Another less revolutionary approach involved a State or private bank financing of a revolving loan fund, with loans usable at any accredited institution in the state.

4. Education and Its Constituencies

a. K-12:

The constituencies of K-12 are usually described as parents, first; and the community, second. Some schools, such as those with strong vocational education programs, may also develop specialized constituencies.

There is a loose connection, observers felt, between schools and parents. Two-wage-earner families and single working parents can't invest the time in their children's schools that

especially mothers used to devote. Teachers have become less committed to contact with parents, in the view of some, when such contact becomes the subject of collective bargaining. And there are simply fewer families with children in the schools. One respondent estimated that twenty years ago in Deschutes County, one of three families was directly connected to the education system; today it is one of four or less.

Further perspectives include:

- Community members who are not directly connected are not bound either by a "sense of community" that obtained in the past.
- People are more "self-concerned," less involved in community affairs generally and less well-informed about them.
- Service on school boards is no longer the responsibility of "leading citizens" but rather an elective position often contested, a goal of "personal ambition."
- Advocacy has progressively been displacing community consensus.

Not everyone sees the increasingly political nature of school board elections and levy elections in this unfavorable light. Some argued that greater visibility might result in greater accountability. Yet, the prevailing opinion seemed to be that a real loss of great value incurred with the demise of this community consensus, and it was unclear whether the process that ultimately replaces it will function as well.

The erosion of a largely unquestioning commitment to community schools was accelerated, some respondents said, by the vigor of special interest groups -- minorities, the handicapped, the unions -- at local, state and national levels; and by the growing impulse to litigate differences rather than settle them by consensus or negotiation.

Educators seemed to realize that a somewhat new political dimension had been added to their job description. They usually resented this need to wrestle with interest groups or public critics as an interference with educating, and qualitatively different from the accountability to the community that they were used to and felt was justified.

Still, there is evidence among educators of positive response to this role. "It's important," one said, "to be asking the stockholders of the corporation what they want you to do." This now needs to be done not just at levy election time, but constantly through techniques such as surveys and citizen advisory committees, several said. Administrators must "keep the program and the expectations of the constituents in balance," another observed.

One media observer of the education system downgraded the usefulness of levy elections as referendums on whether the district's program is heading in the right direction. More often, this respondent said, a levy win is a function of whether a good campaign is targeted to the right, usually small, group of voters. Others disagreed, however, and pointed to levy approvals on second or third submission as examples, however painful, of schools and voters adjusting programs and expectations to each other.

As noted earlier, there was concern expressed by several respondents about the effect State Basic School Support would have on local control of K-12 schools. Others felt local control was already a thing of the past.

As strong as these differences of opinion seemed superficially, they tended to resolve into a need for balance between State and local authority, and how it should be struck. Local educators who would be most affected also seemed most confident that an adjustment of that balance and higher State funding would still leave their traditional authority over

curriculum and personnel largely intact. Local control is "too deeply ingrained" to be seriously threatened by more State funding than the substantial amount already distributed with little effect, one educator observed.

b. Community Colleges and Higher Education:

Several respondents commented on the remarkable growth of community college constituencies, from almost nothing twenty years ago to "the most powerful segment of an already powerful education lobby," in the words of one. The tools a community college has for directly reaching and sustaining a local constituency were described as impressive and impressively wielded: adult education classes, community access programs, athletics, film reviews and cultural events. The schools are located in most of the state's population centers, and are well-represented by the legislators from these areas.

The community colleges themselves are proud of their success in developing their constituencies, and ascribe it to responsiveness and to their ability to so far keep ahead of the community's expectations. A source of some worry is that the coming period of consolidation may cause this advantage to be lost.

Higher Education, on the other hand, laments its institutional disadvantage of not having such a ready-made local constituency. System educators submit that they draw their student bodies from across the state, and from a narrow age group, roughly 19 to 25, and so must depend on the Legislature to view the welfare of the state as a whole rather than as a sum of parts. This, they say, the Legislature increasingly fails to do.

On the other hand, several admit that Higher Education has not in recent years attended to the building of a statewide base of political support, nor to its opportunities where it has regional

institutions or professional schools. So long as an adequate level of support was forthcoming from the Legislature, Higher Education allowed itself to become politically isolated. It perceived the community colleges as a political threat only long after they had become one.

The new Chancellor, observers say, appears to understand the need for a political base of support; he is "corridor-wise," they feel, but he will have to begin almost from scratch.

c. The Business Community and Education:

A closer relationship between the business community and education, reflecting the immediacy of the recession and the pressure on the state's political and business leadership to find a way for Oregon out of the wilderness, is favored almost unanimously by those interviewed. Whether this strongly-expressed interest persists beyond the end of hard times will be the real test of leadership and commitment to economic diversification and educational achievement, some caution.

More than one educator pointed to a history of "little support" from the business community. The only academic programs in which business has exhibited sustained interest have been those in agriculture and forestry at OSU, it's felt, where the relationship has been fruitful for both parties. Businessmen and women used to be interested in service on State Boards, some respondents said, but even the Board of Higher Education now has difficulty attracting the highest level of leadership from the business community.

Despite these cautionary notes, the interest in building a business-education axis was firm and frequently thoughtful. The following areas were among those discussed.

1) Program: "Business and education must keep each other current" in rapidly evolving electronics and computer science fields particularly, both educators and business persons responded. Education should be consulting with high-technology firms on its curriculum development; in return, it should be generating both advanced and applied research products for industry use. Curricula in allied fields in both Higher Ed schools and community colleges should be internally consistent, so the engineers and technicians hired by a firm speak the same technical language and arrive at the limits of current knowledge.

Along with formal instruction for degrees, observers stressed the importance of continuing education for industry employees, to keep abreast of advances in their fields, and retraining for workers whose jobs are left behind by these same advances. Several educators urged that firms such as Tektronix and Hewlett-Packard shift their retraining programs from company-run to the public and independent, post-secondary schools. This would relieve the companies of internal costs and strengthen the school system at the same time. In some instances this has occurred: The Wacker Corporation and Portland Community College arrangement was one relationship among many cited.

Another comment: Education and business should conduct cooperative market assessments to determine what skills and training will be needed in the future so schools can adjust their programs in time, even ahead of the curve of change. Several respondents urged that this be conducted in an ongoing and consistent, rather than a casual fashion. FORE or some other business association might assume responsibility for such inquiry and analysis, it was suggested.

2) Finance: While most business respondents were critical of the high cost and perceived declining quality of education in Oregon -- particularly K-12 -- most also expressed a

willingness to pay the tab for a good education system. They felt more money should be directed to Higher Education, although they were less unanimous about where it would come from; cost savings, diversion from Basic School Support, and a sales tax were variously proposed. On the other hand, educators, some legislators and some others criticized business leadership for opposing property tax funding without supporting alternatives, and for being less than well-informed about the larger causes for the costs of education. Education has a responsibility to return value for dollars, these respondents agreed, but business should be constructive in its criticism, forthcoming in offering cost-management assistance, and consistant in its commitment to pay its share for a product it needs and uses.

At the level of community colleges and Higher Ed, business should find ways to provide dollars directly to public institutions where the value returned is also direct, many non-business respondents urged. Cost-sharing for personnnel and equipment at these schools for programs linked to industry needs was one approach. The High-Tech Consortium group created by the Legislature in 1981 and funded 50/50 by the State and private funds, was cited as a model for such arrangements and as a first step. However, one educator commented that it would take serious money, on the order of $20 million to $40 million, to begin seriously contemplating a North Carolina Triangle Research Park approach.

Salary supplements, part-time employment and consulting arrangements for faculty in industry-related fields were suggested, although these also raised some conflict of interest questions. A more direct approach proposed was for industry to endow a faculty chair or department at a public school, as is often done presently for private colleges and universities. One educator suggested that Oregon business take a look at the Minneapolis Corporation, which was established by major Minneapolis firms and which collects and funnels private business contributions to area schools (primarily independents).

At the K-12 level, several respondents suggested businesses "adopt" a school, supporting it with volunteer time and funding for special projects or equipment. Other respondents agreed that such adoptions might be beneficial for the schools and businesses involved but were not a substitute for a broader commitment to the education system.

3) Cost Management:

Educators and others said business expertise should be asked to assist schools to develop their planning, fiscal management and facilities management tools. Especially in smaller school districts, these are often weakest where they are needed most. One respondent referred again to the AOI-sponsored Public School Survey and Recommendations from 1969 which offered detailed suggestions for ways districts could better control costs and use their resources. Schools could request a "loaned executive" for a period of time as some other public agencies have done. Businesses would have to clearly value and reward the loaned executives for the time spent in public service. Such programs have failed in the past because an executive's career opportunities were jeopardized by absence from the company, it's noted.

4) Decisionmaking: First, business should organize as a vocal constituency for quality, standards and support for schools, rather than simply being critical at tax time, educators, legislators and some other observers agreed. One educator cited the long-time relationship between the agriculture and forestry programs at OSU and the farmers and lumbermen who use and support those programs. Lobbying the Legislature on behalf of Higher Ed was the most frequent suggestion heard, but respondents also urged that business take an interest in the quality of community schools, and find ways to support them at levy time, instead of seeming to ignore or oppose a measure.

Educators were criticized here for failing to develop and consistently communicate with the business community as to its many neglected constituencies. Many business concerns could be heeded if schools were better informed about them, observers felt.

Businessmen and women should be more willing to serve on school board and in State-level education positions, and businesses should recognize their long-term interests are well served by encouraging and rewarding such public service. Many educators lamented the passing of the time when responsible senior business representatives were prominent in local and State school affairs, and made substantial contributions there. The ethic that prompted such service may have failed, they fear, and the argument must now be made to such people on the basis of self-interest.

5) Other Issues:

While there was great enthusiasm for increasing the ties between education and business communities, some respondents offered words of caution as well.

- Business must address long-range concerns. Business, it was feared by some (mostly educators), gets interested only in pocketbook issues, and only in immediate ones at that. Some felt businesses were only heard from when tax increases were impending, or that business involvement in education concerns are limited to cost-cutting and collective bargaining, not quality of the education program or long-term stability of resources.

- Academic independence must be maintained. Some concern was expressed that a trend to more direct private funding or post-secondary schools or programs would carry with it a problem of divided allegiance. Questions posed included: What obligations does a faculty member have whose salary is partly paid by a private firm in his field? To whom does a research product belong, especially when that product may be important competitively and worth substantial sums? These are not new ethical and management questions, educators acknowledged, although lines are more

closely drawn as information, rather than resource, becomes the basis for new wealth. Business and education communities both, it was felt, have an obligation to think through these questions carefully, and to design rules and techniques for managing these conflicts.

- Education's historic roles should be valued. As information becomes more an economic commodity, will it become less an intellectual and moral quality? Educators, business respondents and others raised this concern over whether the role of education in the economic life of the community may lead to slighting the function schools perform as a repository for and communicator of ethical and social values, of manners, of conflict resolution, and of the arts.

FOUNDATION FOR OREGON RESEARCH & EDUCATION (FORE)
EDUCATION FINANCE STUDY

Opinion Leader Interviews

State Officials (Salem)

Victor Atiyeh, Governor of Oregon
Verne Duncan, Superintendent of Public Instruction
Richard Munn, Director, Legislative Revenue Office
T. K. Olson, Education Coordinating Commission
Bob Smith, State Executive Department

Elementary/Secondary Education

James Backen, Principal, Crater High School, Medford
Judy Backen, Sixth Grade Teacher, Gold Hill
Charles Clemens, Superintendent, Oregon City School District
Dea Cox, Superintendent, West Linn School District
Doug Cushing, Member, Medford District School Board
William Kendrick, Superintendent, Salem School District
Matthew Prophet, Superintendent, Portland School District
William Scott, Member, Portland School Board
William Worrell, Superintendent, Bend School District

Education Service Districts

William Proppe, Superintendent, Washington County ESD

Community Colleges

Roger Bassett, Executive Director, Oregon Community College Assoc., Salem
Dr. John Hakanson, President, Clackamas Community College

Higher Education

Dr. William Davis, Chancellor, Oregon Higher Education, Eugene
Edith Green, former member Board of Higher Education; former Congresswoman, Wilsonville
Becky Johnson, former member Board of Higher Education; formerly on Oregon Education Coordinating Commission, Redmond

Dr. Gerald Leinwand, former President, Western Oregon State College, Monmouth

Bill Lemman, Deputy Chancellor, Board of Higher Education, Eugene

Dr. Roy Lieuallen, former Chancellor, Oregon Higher Education, Eugene

Robert MacVicar, President, Oregon State University, Corvallis

Private Institutions

Dr. David La Shana, former President, George Fox College, Newberg

Dr. Charles Walker, President, Linfield College, McMinnville

State Legislators

Rep. Mary Burrows, Eugene

Sen. Jim Gardner, Portland

Rep. Vera Katz, Portland

Sen. John Powell, Halsey

Rep. Barbara Roberts, Portland

Rep. Tony Van Vliet, Corvallis

Business

Ted Achilles, Morrow Electronics, Salem

Les Anderson, Random Lengths Publications, Eugene

Robert Chandler, editor/publisher, Bend Bulletin

Bud Forrester, publisher, Daily Astorian

Don Frisbee, Pacific Power & Light, Portland

Chuck Frost, Tektronix, Beaverton

Jean Mater, Mater Engineering, Corvallis

Earl Wantland, Tektronix, Beaverton

Others

Gary Carlson, Associated Oregon Industries, Salem

Huntly Collins, former education reporter, Oregonian, Portland

John Danielson, Oregon Education Association, Tigard

Chris Dudley, Oregon School Boards Association, Salem

Russell Sadler, news commentator, Salem